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CONTENTS

10 February 1993

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

CZECH REPUBLIC

| | |
|--|---|
| * Havel Comments on End of Federation [Krakow TYGODNIK POWSZECHNY 3 Jan] | 1 |
| * Dienstbier on Nationalism, Global Conflicts [INFORUM 1992] | 3 |
| * New Social Security Contributions Detailed [HOSPODARSKE NOVINY 6 Jan] | 7 |

POLAND

| | |
|---|----|
| * Performance of Current Sejm Assessed [POLITYKA 26 Dec] | 9 |
| * Status of Parties Among Electorate Analyzed [RZECZPOSPOLITA 24-27 Dec] | 11 |
| * Coalition Parties Want Coordination Council [GAZETA WYBORCZA 15 Jan] | 16 |
| * Future of Christian Democratic Parties [LAD 25-27 Dec] | 17 |
| * Goryszewski Comments on Controversial Issues [POLSKA ZBROJNA 14 Dec] | 19 |
| * Suchocka on Government, Economy, Church [TYGODNIK POWSZECHNY 27 Dec] | 22 |
| * Committee for Self-Defense of Nation Founded [RZECZPOSPOLITA 30 Dec] | 25 |
| * Current Church-State Relations Evaluated [GAZETA WYBORCZA 20 Dec] | 25 |
| * Program To Revive Rural, Outlying Regions [RZECZPOSPOLITA 23 Dec] | 29 |
| * Problems of Weapons Theft From Army Discussed [PRZEGLAD WOJSK LADOWYCH Oct] | 30 |
| * Main Economic Goals of Government Outlined [PRAWO I ZYCIE 16 Jan] | 34 |
| * Results of 3 Years of Economic Reform Assessed [GAZETA WYBORCZA 19-20 Dec] | 36 |
| * Origins, Stability of Recent Growth Questioned [RZECZPOSPOLITA 23 Dec] | 38 |
| * Olechowski, Syryjczyk on Economic Prospects [RZECZPOSPOLITA 22 Dec] | 39 |
| * Future of Inflation, Budget Deficit Viewed [ZYCIE GOSPODARCZE 20-27 Dec] | 40 |
| * State Treasury Options, Actions Discussed [ZYCIE GOSPODARCZE 6 Dec] | 42 |
| * Instability of Laws Problematic for Business [RYNKI ZAGRANICZNE 22-26 Dec] | 44 |
| * Report on Poll Conducted on Consumer Spending [ZYCIE WARSZAWY 9-10 Jan] | 47 |
| * Bank Chairman Presents Overview of Operations [PRZEGLAD TYGODNIOWY 20-27 Dec] | 48 |
| * Amount of Fruit Exports High, Consumption Low [ZYCIE WARSZAWY 4 Jan] | 49 |
| * Demographics of Unemployment Described [ZYCIE WARSZAWY 9-10 Jan] | 50 |
| * CUP Projects No Growth of Farm Output in 1993 [RZECZPOSPOLITA 12 Jan] | 51 |
| * Ombudsman Defends Concept of 'Social Rights' [RZECZPOSPOLITA 28 Dec] | 51 |

SLOVAKIA

| | |
|---|----|
| * Prokes Discusses Havel, Home Life [SMENA 19 Jan] | 54 |
| * Importance of Ethnic Autonomy Stressed [NOVE SLOVO BEZ RESPEKTU 25 Jan] | 55 |
| * HZDS Support, Financing of Science Criticized [KULTURNY ZIVOT 23 Dec] | 55 |

*** Havel Comments on End of Federation**

93CH0290A Krakow TYGODNIK POWSZECHNY in
Polish 3 Jan 93 p 6

[Interview with former CSFR President Vaclav Havel by Juliusz Zychowicz in Havel's office in Prague; date not given: "I Do Not Remember Dreams Anymore," in the column "End of the Federation"]

[Text] Pictures do not lie: The windows of Vaclav Havel's apartment overlook the Vltava, its other bank, and Petrin Hills, which dominate the entire city. The house, located on the embankment, was built in the beginning of the century by one of the most famous Czech architects, a certain...Vaclav Havel. This is not an accidental coincidence of names: Both the grandfather and father of the president were architects. The grandfather built "this and that, various beautiful Secession houses in Prague, but first of all the Lucerna palace, the first reinforced-concrete house in Prague," as Havel himself told Karel Hvizdala. For his part, the father "bought vacant hills outside of Prague and built on them Barrandov, a villa development," the same one in which the famous film studio was later established. However, the good times for the apartment house we were facing (just like the adjacent houses) are long gone. There was nothing to indicate that the former—and certainly future—head of state lives here. There was no booth with policemen, no guards or cameras. There was a regular intercom, except that the name "Havel" was not on it. According to instructions received earlier, we called at the sign marked "Office." In a second, one of the associates of our interlocutor came down to us. We went up through a dark stairwell to the second floor. The well of an antediluvian elevator did not inspire confidence.

The apartment was noisy and crowded. We were greeted by a yelping salt-and-pepper schnauzer; we learned that he answers to "Gyula." We waited for a minute in a large hall. Perplexed people circulated between rooms, and Mrs. Olga was among them. The aroma of food floated in from the kitchen. We happened upon an exceptionally busy time: Barely two weeks remained until 1 January; the parliament was feverishly devising the constitution of the state; the former president was taking part in the effort, though not quite officially. The time for our conversation was limited by an appointment with the chief of staff of the Czech army with whom Vaclav Havel was going to have a consultation concerning constitutional provisions on the defense of the state.

Finally, Havel's press spokesman appeared; until recently, he was a TV announcer. He replaced Michael Zantovsky [former Havel press spokesman and current Czech ambassador to the United States], whom we know well; after Havel's resignation, he embarked on diplomatic service outside the country. He was not the only old associate, going as far back as Charter 77 [Czechoslovak human rights group established in 1977], to have

left the former president. We were told that at present, new people and those "without a past" constitute Havel's entourage.

We talked in a spacious and light office which was separated from the rest of the apartment by a glass door. The president's desk was between windows; the center was filled by a long conference table adorned with a huge ashtray. The president filled it up without our assistance. He was dressed in a red sweater "for home."

He tried to answer exhaustively and with deliberation, overcoming great fatigue. He became lively only when it came to questions about his "bourgeois" roots and dreams. A hint at a conversation with Lederer [Czech author] caused a smile to appear on the face of the president for the first time during this visit. However, we began with the question which was fundamental during our trip to Prague in December.

[Zychowicz] Many Poles have great difficulty understanding what is now happening between the Czechs and the Slovaks. The division of the state alarms us. Did it have to happen?

[Havel] There is no simple answer to this question. As we read about the history of Czechoslovakia, from its emergence in 1918 to this day, we may find that in Slovakia, a strong desire to stand on their own feet has always existed. As years went by, the society of Slovakia increasingly viewed itself as a separate people. Trends toward a greater autonomy, toward a federal system, or altogether toward complete independence have come to the fore at a time of historical turning points and transformations. What has now happened is not a bolt from the blue.

We believed that we would succeed in creating this federation on a just, democratic basis, so that both sides could feel good within it. We did not succeed, and the development of the situation, mainly in the recent months since parliamentary elections, brought about the division into two states. It is possible to see a thousand different reasons and ponder what could have been done and when, and who played what role and when he did it. However, such considerations make sense for historians who will describe the entire process one day. As far as politicians are concerned, they should not engage in this; as I have said, this is a historic necessity which we must acknowledge. It is not the result of some accident, or of somebody acting improperly or failing to take care of something.

[Zychowicz] However, they say that Vaclav Havel also had something to do with this divorce.

[Havel] I do not believe that I am to blame for the division in any way. On the contrary, when I was president, I did a lot in order to preserve the common state. I offered the draft of a federal constitution, taking into account the aspirations of Slovakia, a draft which, to my mind, was an attempt to build a fair system. Some Czechs view me as a person who was too compliant with

regard to Slovak postulates. In turn, some Slovaks maintain that I did little to accommodate them. Of course, depending on the view that one takes, particular behaviors of mine may be criticized. However, personally, I feel that I could not have done more. This alone should rule out the suspicion that I contributed to the separation.

[Zychowicz] What will the international consequences of the disintegration be? Are those correct who say that cooperation structures, which were being created in Central Europe until recently (for example, the Visegrad Triangle), will not be established because Czechs will gravitate toward Germany, whereas Slovaks, at odds with the Czechs and the Hungarians, will gravitate toward their neighbors to the east and Russia?

[Havel] The creation of Czecho-Slovakia certainly hinged on reflections of a geopolitical nature. After the disintegration of the Austro-Hungarian monarchy, a state entity had to emerge which would, to a certain degree, play the balancing role which had previously been played by the Habsburg state. The Czechs shielded the Slovaks against Hungarian pressure, whereas the Slovaks shielded the Czechs against pressure from the Germans. Therefore, this was an attempt at creating a stabilizing point at the border between Eastern and Western influences, which provided an opportunity for the emergence of a truly democratic system. This was successful indeed: The first republic was a democratic state.

Of course, the danger which you are asking about will appear after the separation. I have also pointed out this danger myself. Even before the elections, I cautioned that a new iron curtain between the East and the West may emerge here, and that this would not be good for the stability of the entire area of Central Europe. This danger may materialize, but it does not have to. Besides, for now this is only a danger and not reality. I believe that both republics should make an effort for the danger to not materialize. The consequences for our entire region would be disastrous indeed.

[Zychowicz] How did you, the symbol of Czech opposition, receive the disastrous performance of your former dissident colleagues in the elections?

[Havel] Once again, it is impossible to answer this in one sentence. First of all, it is not possible to say so straightforwardly that this was a disastrous performance of the dissidents. Our group was an organism which was highly differentiated politically. We were united by resisting the totalitarian regime jointly. However, it was obvious that, in an environment of freedom, this differentiation would become a factor, if for no other reason, than because of being affiliated with different forces and parties which were being created. Many dissidents also hold key positions in groups which won the elections and form the current government coalition. Vaclav Benda, together with whom I spent several years in prison, and who signed Charter 77, heads the Christian Democratic Party

and is chairman of the Chamber of Nations in the parliament. Jan Ruml is the minister of the interior. Milan Uhde is the chairman of the Czech National Council. Pavel Bratinka and Danel Kroupa are the key figures in the Civic Democratic Alliance (ODA).

[Zychowicz] However, the group to which most well-known names from among the former dissidents belong, the Civic Movement (OH), is not represented in the parliament....

[Havel] Strictly speaking, the Civic Movement lost, rather than the dissidents. As far as the Movement is concerned, it lost for various reasons; among other reasons, it lost because it was a party which actually did not want to be a party. It did not have enough will to be a party or to win elections. It should also be remembered that representatives of the OH held high state offices at the time, and did not have enough strength or energy to professionally devote themselves to the election campaign.

Therefore, there are various reasons for their defeat. Certainly, a drop in public sympathy toward former dissidents is one of them. There are completely comprehensible reasons for this phenomenon which, after all, is not characteristic under our conditions only.

[Zychowicz] Has the experience of the years of the presidency, among others, the experience of helplessness in the face of divorce processes in the state, changed your views concerning the place of morality in politics?

[Havel] This is a topic to which I want to pay some attention in one of my immediately forthcoming speeches. I believe that it is not possible to draw a clear-cut line between politics as an utterly practical manipulative action (in the Machiavellian sense), and politics based on certain ideals and moral principles. There is no such sharp contrast. To be sure, politicians exist who are leaning more toward this pragmatic interpretation of politics, who perceive it as a technology of fighting for, and holding on to power. However, there also are others who interpret it as a service to their fellow citizens, and thus grasp its ethical roots.

I consider myself a member of the latter category. Nonetheless, I believe that there is no way to absolutely persevere with this stance. A lot must change in the ways and forms of work compared to the work of the opposition during the totalitarian period. A sense of moderation, tactics, and form is needed. However, this is not to automatically say that one must repudiate his principles. I have always objected to the assertion that actual policy amounts to something immoral in its very essence. I believe that it is the other way around: Politics as service to one's fellow citizens, as service to society, should be, and originally was, primarily an expression of a broader responsibility than just for oneself, one's family, or some narrow interest group.

If we agreed that politics is not like this, we would have to call it quits and say that it is a dirty thing, and that honest people should not engage in it. This would be the best way to ensure that solely dishonest people would indeed begin to engage in politics.

[Zychowicz] Prior to the velvet revolution, you were known not only as a legendary dissident, but also (or perhaps first of all) as a playwright and an essayist. In turn, how has the experience of the presidency changed Havel the writer?

[Havel] Well, it is hard for me personally to assess this. I do not know how this influenced me as a playwright because I have not written dramas since. It has undoubtedly changed Havel the speechwriter, since I wrote all of my speeches myself. Since the beginning of my term as president, three books of mine have been published: two volumes of speeches and a volume containing something in the nature of political meditation. The fact of my "presidency" has left a very large imprint on them; after all, these have been writings constituting a component of my activities. It was in these writings that I set forth, in theory, problems which I later had to solve in practice. Therefore, this has been a marked influence—not in the sense that I said something different from what I had thought before. This has been an influence in the area of topics and the ways of expressing them: It is just that I had to take care of a multitude of specific matters associated with performing the functions of the head of state, and I had to select forms which were commensurate with my position. However, for now, I cannot surmise how my presidential experience, the experience of a man who suddenly became president, will be reflected in my literary works one day.

[Zychowicz] You come from a bourgeois family with a long tradition in Prague. You have proclaimed your attachment to middle-class principles. Where do you find yourself now, when Prague once again resembles a European metropolis, and a free-market reform is underway in the Czech Republic?

[Havel] To tell you the truth, my middle-class origins, perhaps contrary to expectations, did not make me into a belligerent supporter of everything that embodies capitalism. Children from middle-class families frequently have leftist leanings. This is a natural rebellion of the younger generation against their parents, especially in cases when the young people have intellectual inclinations or ambitions.

As far as I am concerned, I have never wanted to be, say, a private entrepreneur. In my younger years, I leaned toward the left to a degree (though I have always been opposed to communism!). Now that we are building a market economy, I try, as far as my childhood experience is concerned, to remind myself of what the people, to my mind, do not grasp adequately: Genuine entrepreneurship does not mean solely chasing after profits, as communists maintained, and as many of our latter-day entrepreneurs think. It is primarily a creative conceptual

endeavor and a peculiar type of civic involvement. A free market is not a jungle, but rather a game which has its own principles and fair play. Rules should be honored, and not just because some of them are in the form of laws. There also are the unwritten principles of the gentlemanly game. This is precisely what comes to my mind from the "bourgeois" childhood of mine.

[Zychowicz] Jiri Lederer, the late author of "Czech Conversations"—interviews with writers taken in the late 1970's—asked each of his interlocutors how they sleep and what dreams they have. At the time, you had political dreams; you recalled an imaginary excursion to a premiere at Smetana's Theater with the communist boss Lubomir Strougal. What kind of nightmares do you have now?

[Havel] Fortunately, I no longer remember my dreams. Since I forget about my nighttime experiences immediately after I wake up, I will not be able to tell you anything about an obsessive dream which continuously oppresses me. This may be caused by the fact that I have had to take sleeping aids recently, after which I sleep so soundly that all dreams are out of the question.

[Zychowicz] In this case, we wish you sweet dreams after your return to the Hrad. Thank you very much for the interview.

* Dienstbier on Nationalism, Global Conflicts

93CH0257A Prague INFORUM in Czech No 34, 1992
pp 5-8

[Text of a paper by Jiri Dienstbier, former CSFR minister of foreign affairs, read at the "New European Security: From East-West Confrontation to Regional Destabilization" conference in Rome, Italy, on 23 October]

[Text] Ladies and gentlemen,

The topic for this conference is made up of various aspects of security. For a long time and until recently, it was believed in international relations that by assuring this security a military conflict, in short, a war, could, for the most part, be prevented. Today, this is only partially true.

The cold war was by and large successful. The crises concerning Berlin or Cuba were solved. Although the invasions of Hungary or Czechoslovakia were unpleasant, in the end, those who were at the receiving end were willing to understand that the alternative to inactivity on the part of the West with regard to these obvious acts of aggression was nuclear war. Even though they were not completely certain of this. They were somewhat uncertain as a result of recollections of Munich; although in those days there were no nuclear weapons.

I do not wish to return overly much to the past, because we live in a world which is downright bristling with

conflicts. However, for the sake of orderliness, as well as for its certain instructive nature, it is fitting to note what the situation was like after World War II. I am reminded in many aspects of those times by today's events. And this is not only because we are now, after a deviation from the path which lasted practically half a century, actually attempting by a circuitous route, to solve that which we were not able to solve following World War II. Then, shortly after winning a victory over the dangerous enemy, the world was also full of enthusiasm, euphoria, and dreams of friendship and collaboration among nations. And it was also full of mistakes which frustrated the realization of these dreams.

The true reason for the cold war was certainly the expansionism of Stalin. Ideologically, this expansionism was stressed by the thesis emphasizing the legal succession of socialism throughout the world, the thesis of the victory of the proletariat, and similar verbal rubbish behind which the old Russian expansionism was hiding. This expansionism, however, was an expression of centuries-old fears that Russia would assure itself of security only if it could control extensive territories in all directions from its center.

Stalin saw an opportunity in the rapid departure of the Americans from Europe—an opportunity in which he could otherwise not place any hope, given the ruined territory and the material and human potential at his disposal.

Early departures and late arrivals accompany the majority of crises of the 20th century. Today, we are once more seeing this in conjunction with Yugoslavia and the war for Kuwait. When Stalin utilized the departure, the mistake was rectified by a new mistake. Instead of compelling him pragmatically to take his weakness into account, action was replaced by the rhetoric involving two worlds. Walter Lippmann in those days correctly drew attention to what was happening in Poland, saying that it is possible to argue about that which is and that which is not democratic, but what is more important is to agree upon the departure of all foreign military elements to their home territories. This is easily verifiable. And should someone, for example, the Soviet Union, violate such an agreement, it would be guilty of clear aggression. We also know that Stalin, under U.S. pressure, withdrew from Czechoslovakia in 1945, subsequently from Iran, and, when his political pressure on Yugoslavia did not work out, he did not dare to commit an aggression. He preferred an agreement with Finland over the risk of other solutions.

I recall this because our century provides us with as much material to contemplate as we were not provided by all previous centuries combined. I sometimes have the feeling that this material is full of practical instructions which we are simply incapable of applying to new conditions. This is not only because—as is occasionally mentioned—history is a good teacher, but because we are poor students. It seems to me that the reason this time is the extraordinary acceleration and globalization,

resulting from the computer age. Someone has already noted that the demise of many countries in the developing world is also based on the fact that a television set has turned up in every village. Impoverished villagers observe the life of Hollywood stars on the screen. Sometimes they revolt, but more frequently they become victims of despair and hopelessness.

We are at the turning point of history. The fall of communism is not the reason, but rather the consequence of the acceleration which, on the one hand, leads to the globalization of all world problems and, on the other hand, leads to extraordinary individualization. The end of communism, based on the use of power and the total control of society, is an expression of the fact that the old power factors are ceasing to be as important as they once were. However, this does not mean that we shall not be witnessing their recidivism, a sort of nostalgia for that which is disappearing. The new multipolar world, in which the solution of total economic problems matters constantly more and in which the application of the individual as a prerequisite for tranquillity, peace, and internal as well as international security becomes ever more important, is full of new risks and dangers.

Of course, we welcome the fact that the former Soviet bloc, in which more than 400 million people live, has embarked upon a complex road toward democracy, toward an open society, and a market economy. That is why many in the West judged that the West had won the cold war. The euphoria of 1989, however, is evaporating rapidly, despite the fact that the disintegration of the Soviet empire is occurring more quietly than many had expected. Even in the Central Asian republics of the former Soviet Union, new or revived elites are espousing common values, democratic political pluralism, and a market economy. The events in Yugoslavia, in the Transcaucasus region, but also the peaceful division of Czechoslovakia tend to show that there continue to be two possible ways. Communism is dead and there is no hope for its renewal. But as Adam Michnik so aptly noted, the final stage of communism is nationalism. However, nationalism can also be anticommunist in nature and big power ambitions can be cloaked even in a fundamentalist coat.

These manifestations cannot be underestimated, nor can one close one's eyes to them, nor can they be ignored. It would be a tragedy if the result of the great blast of 1989 would, in the end, be only a shift in the Iron Curtain or the red curtain, as Walesa dubbed it, by several hundred kilometers to the east or southeast. It would be a tragedy if Europe was threatened with being divided into a continent with two velocities of development. If, in the west, prosperity were to grow and, in the east, production and the standard of living were to decline. If the west were moving toward integration and the east toward disintegration and the formation of rival national states. This is particularly dangerous in the east because purely national states can, for the most part, barely exist here and that is why their very establishment encompasses future conflicts. In any case, it is better not to

have than to have dynamite in the cellar. Replacing communism with nontolerant nationalism would not make the world more secure than it was during the bipolar era.

It is necessary for the West to unequivocally understand this fact. The West, above all, did not win the cold war. While the conduct and development of democracy in West Europe and in North America certainly played a key role. Here was an example for countries which, while they were subjugated by communism, retained their affinity for European political culture in their memories, or at least remembered encountering it. With expanding communications, it was constantly less possible to prevent those who wanted to know from acquiring at least fundamental information regarding events elsewhere. The existence of the Atlantic Pact and the development of West European integration made it totally impossible for the rulers of the increasingly fragile system to avert the attention of their own citizens to an express international adventure. However, the cold war had its rules and both sides adhered to them. Weapons were tested in local conflicts. The Soviet defeat in Afghanistan demonstrated that in this conflict the capacity of the Soviet system was no longer adequate. In the end, however, the system did not crumble thanks to external pressures and not even thanks to pressure by the domestic opposition, but because it had exhausted its last resources. It proved no longer able to control developments on the periphery of Soviet power and, in the final analysis, not even at home. The Yanayev coup already only amounted to a deplorable example of what the power, which had at one time been so feared at home as well as abroad under Stalin's leadership, and had been respected under Khrushchev and continued to be dangerous during the time of the geriatric government of Brezhnev's fellow travelers, had accomplished. This method by which communism crumbled, however, means that the internal crises of the countries of the postcommunist world, although they are different in different countries, are based on the absolute economic, political, and moral devastation which was caused by communism. The Iron Curtain, when regarded from this standpoint, was thus a prison fence for those nations living to its east, and also represented a protective fence for the west. It provided protection not only against communism and its totalitarian methods, but also against the growing chaos in that portion of the world.

As I already said in 1990, this development caught us all unprepared, I said that we lacked suitable mechanisms and institutions to control it and that we are frequently unprepared even as far as our thinking goes. That is why a bipolar world appears to many to be so simple and that is why our habits based on the many years of taking it for granted frequently interfere with our understanding of the essence of things.

Even at home I was frequently criticized for my attitude toward the Baltic republics and toward what used to be Yugoslavia. I believe that these two examples can illustrate what I have in mind.

Our policies were also under pressure from various members of these nations, urging us to contribute to the recognition of their independence. I asked all of them a basic question: "Are you interested in independence or in satisfying any emotional needs?" I was convinced that only a solution agreed upon by all parties could be successful. In the Baltic republics, common sense prevailed. Had they left the Soviet Union prematurely, they would have been defeated and their independence could be deferred for long periods of time. Their military suppression could have led to a revolution in Moscow. In the case of Yugoslavia, however, some states asserted salami tactics. I claimed that the Balkan problem could be solved only as a whole. I drew their attention to the fact that recognition of Croatia would lead to an explosion in Bosnia and Hercegovina, without letting Croatia acquire the necessary tranquillity and peace. I warned that the explosion in Bosnia and Hercegovina concealed another deadly danger: the involvement of the Islamic world and the transformation of various territories in the Balkans into a giant Lebanon which could vex those nations and all of Europe for decades to come. But it was not until the London Conference that introduced the signs of an overall solution, the success of which is conditional upon consistency, on the one hand, and on the response to the question of whether it is not already too late, on the other hand.

Once more, the fact that Europe is an entire whole is being confirmed. Communism was accelerating European integration which was to be even a guarantee against communist expansion. West European citizens had become accustomed to the fact that questions of security were not overly much debated and voluntarily gave a considerable amount of freedom of action to their governments and political representations. The difficulties of Maastricht are also the consequence of the fall of communism. People no longer perceive a danger and want to have more to say about things. Moreover, they feel that it is time to devote more attention to domestic difficulties than to international relations. It is certainly always necessary to devote attention to one's own household. It is only a question as to where the limits lie, beyond which this attention is transformed into heedless selfishness. If there is talk today of renationalizing foreign and security policies in Europe, there is something to think about. All of us want more democracy. But it is necessary to pay attention to that which could threaten it. National egotism has frequently turned into xenophobia, a feeling of national superiority, or into inferiority complexes. The events in Rostock and elsewhere, the growth of extremist forces, anti-Semitism, etc., cannot remain unnoticed. It is surely necessary to condemn them resolutely. But it is also necessary to see the sources of these developments. Hundreds of thousands of refugees from Yugoslavia and Romania, together with immigrants fleeing hardships in some Arab and African nations, result in claims being made not only on humanitarian assistance. These developments change the entire method of living, not only in cities, but frequently even in small villages in western Europe. We do not know

what all else will happen in the former Soviet Union. We do not know whether the former Yugoslavia will become a permanent long-term painful ulcer. We have no idea what will occur in the other parts of the postcommunist world. Events in the east can thus present a daily threat even to the democracies of the West European countries.

For 40 years, it was considered to be a matter of course to expend billions of dollars, pounds, francs, marks on armaments. The fall of the Iron Curtain would make it possible to save many of these resources if, given the current recession, frugal spending would not lead to threatening the employment of hundreds of thousands of people in West Europe and in North America. I believe that it is necessary to work out a strategy in the battle with new types of threats which will simultaneously make it possible to solve even the problems of converting armaments production, both in the east and also in the west.

It is primarily necessary to solve problems fundamentally where they develop. This means the gradual expansion of the democratic area and of potential prosperity eastward and southeastward in Europe. Solving the problems of the developing world is closely connected with this and has actually not become possible until now. In the struggle between the power blocs, in the effort to secure one or another piece of world territory for one's own bloc or at least to prevent it from becoming a base for the other bloc, frequent use was made of corrupt methods. Today, it is possible to establish developmental principles jointly. It is no longer possible to throw resources into a black hole. It is necessary to gradually create pockets of prosperity everywhere where this is possible. Success of these regions would show that prosperity is possible. By the way, we already have the example of the Asian tigers. The support of all who decide to respect and assert common values of democracy and the market economy would be much less expensive than the expenditures of the cold war.

At the same time, it is necessary to transfer resources, which have hitherto been expended on armaments production, to solving other fundamental challenges of the current world—the recovery of the environment and support for ecologically oriented businesses, support for education, the fight against narcotics, the organization of free time. This can result in the creation of millions of jobs. And, for example, protecting the environment is so technologically demanding, requiring modern high technology, that it could be professionally as well as salary-wise at a level comparable with today's armaments production. Moreover, it has something which is extraordinarily important in the current world—a high degree of moral motivation. And in view of the fact that ecological threats are global in character, that they endanger all people without regard to sex, race, or social standing, the battle against ecological threats is a unifying element with respect to international society.

I come from a country in which we placed great hope. A month ago at Oxford, Ralph Dahrendorf told me that,

without regard to that which is happening in the United States, West Europe, the former Yugoslavia, or the former Soviet Union, he considers the reports on the disintegration of Czechoslovakia to be the worst news of this year. Some six months ago, the Romanian prime minister told me that even for them the success of Czechoslovakia is quite basic. Czechoslovakia was the most developed of all postcommunist countries. Its success will give the others hope, its failure will be a disaster for all. I am far from overestimating our importance. Our special history, however, binds us together. Our first president, Tomas G. Masaryk, in his book *Svetova revoluce (The World Revolution)*, wrote that "the complexity of relationships, coming into being on the basis of our position, obligates us to be considerate in all directions, in fact of the entire world. And that is why we must engage in worldwide policy. I considered our independence to be possible provided we demonstrate moral probity and are always prepared to defend our freedom, provided we shall have sufficient political vision to conduct an honest internal and external policy, provided we acquire sympathy in Europe, and, finally, provided democracy is strengthened in Europe."

The existing international structures face the historical challenge of adapting to conditions in East Europe, mastering the destructive effects of a failed totalitarian system, and contributing to expanding the area of political and economic stability.

The European communities are the decisive stabilizing factor in posttotalitarian Europe. Their role in the social transformation of East Europe is irreplaceable. Of equal importance is the Atlantic Alliance. The transatlantic dimension of this organization has a strong stabilizing effect on European developments. It would seem that the countries of Central Europe understand and value this fact frequently more than do some West European states; we also value the Western European Union as the European pillar of NATO. The CSCE occupies a special place in the system of European institutions with an Atlantic and an Asian dimension. It is an institution as well as a process. This has its advantages and disadvantages. The CSCE is capable of adapting with flexibility to new conditions and challenges, is capable of cooperating with a broad spectrum of international organizations. On the other hand, the principle of consensus complicates the adoption of resolutions in critical situations. However, it is turning out that similar problems arise even in other institutions. For example, in the European communities where Greece is capable of blocking recognition of Macedonia.

Ten years ago, when I returned from jail, I read much on Europessimism. The euphoria which existed after 1989 resulted in some kind of Euro-optimism. I have the impression that pessimism is returning. And something even worse is showing up. A sort of nihilism, a feeling that the century or even the millennium is ending. However, history and human fate have always been the same. It is only up to us as to what we will do with them.

In 1977, 248 people in Czechoslovakia signed Charter 77. Even many of our fellow citizens considered us to be lunatics; they thought we were like Don Quixote. We ourselves did not believe that we would see the fall of communism. Today, when we all stand before totally new problems, we occasionally feel outflanked, but we already know that it is worthwhile for us to accept the challenges of the times.

*** New Social Security Contributions Detailed**

93CH0298C Prague HOSPODARSKE NOVINY in
Czech 6 Jan 93 p 8

[Article by Marta Zeniskova, Ministry of Labor and Social Security of the Czech Republic: "When and How Much Will Businessmen Pay? Social Security Insurance and the State Employment Policy"]

[Text] *For a better overview and to provide better information, we are presenting the details of social security insurance payments and payments in support of state employment policy, paid by businessmen and other individuals who are self-employed.*

Who Is Required To Pay

Insurance premiums are required only of self-employed individuals who are participating in health care insurance. A self-employed individual who was self-employed in 1992 and achieved income (after deduction of expenses) of at least Kcs2,200 a month average participate in health care insurance. (From the 12 months of 1992, only those calendar months in which participation in health insurance did not last the entire month and those calendar months in which an individual was drawing health care benefits or monetary maternity benefits for the entire month.) Thus, for example, a businessman who earned Kcs22,500 in 1992 began his activities on 15 February 1992. As of 3 April and extending through 20 June, he was pronounced unfit for work and was drawing sick pay. From 20 August to 10 October, he attended military training exercises and, for that reason, deregistered from the insurance scheme for the duration of those military exercises. For purposes of evaluating participation in health insurance, the average monthly income is Kcs2,500 (annual income of Kcs22,500 is divided by nine months, because in January and September the individual was not a participant in health insurance for the entire month and in May he was drawing sick pay for the entire month).

In other words, as of 1 January 1993 compulsory insurance applies to individuals who were self-employed and who engaged in such activity in 1992 to the extent which forms the basis for their participation in health insurance and who will continue in their self-employment activities in 1993. It is immaterial whether this activity was engaged in or will be engaged in as their sole "employment" or if they are engaging in this activity on the side, whether they are students or possibly simultaneously with receiving old-age or invalid pensions. Thus, for

example, an old-age pensioner who in 1992 achieved an income of Kcs50,000 on the basis of self-employment and who will continue in this activity is obligated to pay an insurance premium as of 1 January 1993. The same is true of a day student, an employee who is in regular employee status, a worker who is a contract employee, etc.

Anyone who begins to be self-employed is obligated to pay an insurance premium. Participation in health insurance begins on the day such activity is initiated. If, after beginning self-employment, income is less than an average Kcs2,200 per month, the individual involved can, for that reason, deregister from the insurance scheme. The above income is documented by an excerpt from the tax return. This form is issued by the Czech Directorate for Social Security. Thus, for example, if an old-age pensioner begins self-employment on 15 January 1993 and if he earns an average Kcs1,500 a month in 1993, he is obligated to register for insurance and to pay the premium for all of 1993 and in 1994, until such time as he submits his deregistration statement, together with an extract from his tax return.

Where and When Is the Registration for Insurance Submitted and to Whom Are the Premiums Paid?

The registration for health insurance for self-employed persons is submitted at the okres (Prague) Directorate for Social Security at the place of permanent residence of the self-employed individual. The premiums are also paid to the account of that directorate.

A self-employed person who was self-employed in 1992 and was registered for insurance with this directorate need not reapply on 1 January 1993, even though he continues to be self-employed. A self-employed person who was self-employed in 1992, but was not registered for insurance because of other activities which entitled the person to participate in health insurance already or if the individual was drawing old-age or invalid benefits is obligated to register for insurance by 30 June 1993, retroactively to 1 January 1993, provided that individual fulfills the conditions for participation in health insurance for 1993. If the individual initiated self-employment activities after 30 September 1992, the application for registration of insurance must be submitted at the latest by 11 January 1993.

A self-employed person who in 1993 began self-employment activities is obligated to register for health insurance within eight days of the beginning of such activities, without regard to income that will be earned—irrespective of whether the income is Kcs500 or Kcs50,000 a month.

How High Is the Insurance Premium and on What Is It Based?

The insurance premium for January 1993, which was paid by 20 December, was paid according to regulations valid until 31 December 1992. The size of the premium was electable, within limitations of Kcs500 to Kcs2,500.

The size of this premium is not changed (the premium for January 1993 is not set on the basis of any new assessment).

In 1993, insurance premiums are based on an assessment which reflects 45 percent of the difference between self-employment income and expenses involved in generating that income, in maintaining and supporting that income, apportioned for each calendar month of 1992. The number of calendar months by which this difference is divided excludes those months in which no self-employment activity was engaged in, that is to say, calendar months prior to the month in which the activity was begun and the months in which an eligible self-employed person was removed from insurance coverage. However, the basic assessment must not be less than one-half the minimum wage. The Czech Directorate of Social Security is preparing a form—extract from the tax return for 1992—on which the instructions will call for data on the size of total income achieved in 1992, the amount of expenditures, the minimum assessment base (45 percent of the difference between income and expenditures or one-half the minimum wage), and on the basis of which the minimum insurance premium will be computed. Self-employed individuals are obligated to fill out this form and submit it to the okres (Prague) Directorate for Social Security by 30 June 1993. Each individual can set his basic assessment even higher than its minimum amount, but may not exceed Kcs40,500 a month. The insurance premium amounts to 36 percent of the basic assessment.

Self-employed individuals who in 1992 were engaged in self-employment activities and were registered for social security benefits will pay a deposit on the social security insurance premium for the months of February through June 1993 according to anticipated income for 1992, but no less for the time being than Kcs396 (that is to say, 36 percent on one-half the minimum wage). By 31 July 1993, the deposits must be accounted for against the insurance premium computed on the basis of all assessments and the amount of premium owed must be paid.

Self-employed individuals who were self-employed prior to 1 October 1992, but were not registered for insurance because they were engaged in self-employment activities in addition to their regular employment or who were drawing old-age or invalid benefits or failed to achieve an income of Kcs9,600 in 1991, shall pay insurance premiums for the month of January 1993 and subsequent months on the basis of an assessment derived from their income for 1992—in setting the size of the assessment, the procedure is similar to that for persons who were registered for insurance purposes. These individuals must register for insurance and pay back premiums from January 1993 by 30 June 1993 (as long as they

fulfill the conditions for participating in health insurance). At the same time as submitting the application for insurance, they shall submit an extract from their tax return.

Individuals who are self-employed and who initiated self-employment activities after 30 September 1992 and were not registered for insurance or individuals who plan to begin self-employment activities during 1993 may pay insurance based on the minimum assessment (on one-half the minimum wage, that is to say, on a basis of Kcs1,100 thus far) for all of 1993 without regard to the amount of income earned.

That which holds true for self-employed individuals is also true for collaborating individuals. As of 1 January 1993, collaborating individuals are considered to be only the wife (husband) and children of a self-employed individual. Applications for insurance for collaborating persons are submitted by the self-employed individual who also pays their insurance premiums. The assessment is based on the same method as for self-employed individuals. The premium also amounts to 36 percent of the assessment. If someone other than the wife (husband) or his children were reported as collaborating persons in the case of a self-employed farmer—for example, parents, his father-in-law, his brother—his social security benefits as a collaborating person would terminate as of 31 December 1992.

Currently, consideration is being given to the possibility of exempting self-employed individuals from paying insurance—individuals who are starting their activities and whose income based on these activities in 1993 will be less than the monthly average of Kcs2,200. Until such time that a decision is made, it is necessary to act in harmony with valid regulations.

* * *

Note by the editor: Interpretation of the new insurance premium for businessmen and other gainfully employed individuals will be the topic of seminars which will be held on 12 January 1993 (House of Construction Workers, Brno), 14 January (House of Culture, Usti nad Labem), and 20 January (House of Culture, Strelnice Hradec Kralove). The interpretation of new regulations on the payment of social security premiums and on changes in the health insurance of employees and members of cooperatives will be the topic of seminars to be held on 11 January 1993 (House of Construction Workers, Brno), 13 January (Slovak Meeting House, Plzen), 18 January (House of Culture, Louny), and 19 January (House of Culture, Strelnice Hradec Kralove). Those interested can register with the C.M.M. Agency, Kolskeho 1436, 14900 Prague 4.

*** Performance of Current Sejm Assessed**

93EP0137A Warsaw *POLITYKA* in Polish No 52, 26
Dec 92 p 3

[Article by Janina Paradowska and Wieslaw Wladyka:
"Should the Sejm Be Dissolved? The Clock of Democracy"]

[Text] The Sejm is the place in which political energy is especially focused since it represents power and, at the same time, society. As power, it statutorily makes decisions concerning our future and the assessment of our past, nominates governments, and passes moral judgment. As a society, the Sejm should speak with the voice of the people, debate itself on our behalf, and set forth commonly accepted proportions and norms of democracy so that everybody is happy. The present-day Sejm of the Republic is at a critical point. At mid-term, the Sejm, tired and quarrelsome, attacked from all quarters, including from within, is on its last legs, and appears to be snuffing out. Voices are heard that we should bring ourselves to commit the charitable act of euthanasia. However, this is not a hospital. This is politics.

From the beginning, success and survival until the end of the term were never prospects for this Sejm. Everyone who remembers the election spectacle on television in October 1991, when politicians, flabbergasted and frightened by the results of elections, stood in front of a large chart representing the chamber of the Sejm and tried to select seats for their parties, will also remember that the following question came up for the first time on this election night: When will early elections be held? The question was precisely political. The people made choices in a way that many politicians did not like. They counted on more advantageous results for their parties, even if their parties received more votes than common sense would suggest. However, it is the trait of politicians to want more and more, unless they suddenly achieve so much that more just cannot be imagined.

Who Is in Favor, Who Is Against

This question is now coming back, and new calculations are behind it. This question divides the political arena in Poland very markedly. Elections will be held in three years, according to parties which now constitute the government coalition. All the rest say several months, at the most a dozen or so months from now. At present, the Union for the Republic and groups associated with it, which are not represented in the parliament and belong to a creation called the Coalition for the Republic, the Center Accord, the KPN [Confederation for an Independent Poland], the SdRP [Social Democrats of the Republic of Poland] and its coalition partners from the SLD [Alliance of the Democratic Left], are the greatest proponents of early elections. The PSL [Polish Peasant Party] is being somewhat more moderate. However, the PSL also clearly does not count on the Sejm lasting until the end of the term.

Therefore, both those who believe that they will gain in the next election and those who are afraid that, in three years, they will have completely vanished from the arena count on early elections. The "Olszewiks" and "Parysians," who are fortified by the incomprehensible belief that the people cannot think of anything else but hunting down agents and releasing files, are heartened by the vision of an unequivocal electoral success, and not only in the parliament (after all, during meetings, auditoriums are packed with the possessed!). After all, they would still like to see J. Olszewski in the Belweder. Jaroslaw Kaczynski's party is falling apart from one day to the next. It no longer helps to put a good face on a bad situation, that is, to repeat that, to be sure, representation in the parliament is falling apart but local structures remain. These frustrated ranks which have been removed from power (for the most part) in voivodships during three years may still change several political sponsors. To be sure, the PSL has promised substantive work at the local level for now. However, it is also afraid that political capital which Waldemar Pawlak amassed as prime minister may diminish considerably in three years. The appetite of the KPN for power has not been sated even to a degree; this party is already thinking solely about the new election as it engages in a nonstop election campaign in the Sejm. The results of public opinion studies make the Social Democrats of the Republic of Poland feel better. The victory of the Labor Party in Lithuania undoubtedly gave them a boost.

The governing coalition is not interested in holding elections because, like all ruling parties, it is losing now. The primary loser is the UD [Democratic Union], which the voters cannot forgive for its alliance with the ZChN [Christian National Union].

In terms of public image, the Union loses the most at present as a decent party which became a member of an indecent coalition.

By all signs, there is no chance for the ZChN to replicate its electoral success. The Catholic Church will certainly not allow itself to be drawn into the election game yet again the way it did in last year's election; meanwhile, without appeals from the pulpit, the ZChN does not exactly exist. The Liberals are still regrouping their ranks and looking for their social base (however, it bears mentioning that, according to public opinion surveys, they have the most loyal and stable electorate). A. Hall's conservatives have just begun to get together. Post-Solidarity peasant parties do not have a chance at present; beyond a doubt, this is the reason for the desperate emulation of Self-Defense in the parties' actions (or a return to tradition whereby G. Janowski personally built barricades).

Therefore, this dispassionate accounting suggests that, despite appearances, the concept of dissolving the Sejm does not enjoy the necessary preponderance within the Sejm itself. The proponents of early elections are more or less as numerous as their opponents. After all, as many as two-thirds of the votes, and then of the statutory number

of deputies, are needed to shorten the term of the Sejm. This is what the Small Constitution, which has just taken effect, mandates. This number of deputies in the current Sejm cannot be secured, especially given that three-quarters of the deputies know full well that the next term is out of the question. This is a detail which needs to be taken into account because who would like to part with the just organized deputy office and all the paraphernalia that comes with holding a fraction of power? Of course, the president may also dissolve the Sejm if a government falls and the procedure of forming a new government, which takes several months, produces no result. In this case, early elections are also necessary.

The Stranger the Alliance, the More Probable It Is

It is usually believed that the current coalition government arrangement is the last one which they succeeded in creating in this Sejm, and the depletion of its power hinges on this. Some politicians are even saying that, should the current government fall, the Sejm should not even make new attempts, because actually all variants have already been tried one way or another. Does anyone still remember all the "fives," "sevens," and "fours" which greedily filled various positions and formed, or angled to form, governments? The accomplishments of the present Sejm during the year in creating the strangest political arrangements are impressive indeed. It is precisely these accomplishments that allow us to believe that it is quite possible to form new coalitions. This very Sejm, scared by the threat of dissolution, is in a position to produce even the most peculiar alliances. It is even possible to say that the stranger an alliance the more probable it is. Actually, the only alliance which turned out to be impossible was the one which, for very many reasons, was the most advantageous and rational, an alliance of which the UD, the Liberals, and the PSL would be the axis. Would such an arrangement be impossible several months from now? We believe it would be possible by then.

Therefore, it does not appear that those are right who say that, if Hanna Suchocka's cabinet falls for some reason, the present parliament will not produce any other arrangement (it should be recalled that if the budget is approved and the the government is granted special powers, executive power will be strengthened greatly). A mix of ordinary conformity (which is obviously present in the current Sejm) with responsibility for the state and the progress of reforms (this factor is also present, though not to the degree that we wish it would be) may cause yet another arrangement to appear which at present nobody can conceive of. Yet, did anybody see an alliance of the Union and the ZChN in his darkest dreams as recently as a few months ago?

Paradoxically, changes that are underway in the present Sejm facilitate its endurance. Some politicians believe that the Sejm should reduce its term for precisely the same reason as the previous one, because it is becoming a contractual Sejm, of course, in a different meaning of the word: It is becoming a Sejm in which a political

arrangement emerges on the basis of agreements between politicians rather than through the will of the electorate. After all, the voters did not vote for the Polish Convention, the Polish Liberal Program, or the Movement for the Republic. They voted for absolutely different political entities. Indeed, the landscape of the current Sejm has changed, but not quite as much as to refer to a contract. If we count deputies who have changed club affiliations or have established new groups, it will turn out that between 10 and 15 percent of the deputies have taken part in such traffic. It does not appear too high a number for a political scene so new, which is created and divided artificially.

Besides—and most importantly—with the exception of the Olszewski group, which was formed solely to satisfy the frustrated political ambitions of a few politicians, the nature of other transformations is programmatic. Such transformations serve to organize the political scene. This is how the initiatives of Aleksander Hall or Donald Tusk should be evaluated. If it were not for the events of history, this process could be accelerated further. For example, there is a group of liberals in the SLD, and there are groups which would obviously like to join the UD or even the UP [Union of Labor]. So far, the attractiveness of the latter group, which was predicted to lack prospects, was not great. This may change following a drive in favor of a referendum on abortion. At present, nobody is in a position to predict what political force will be spawned by the currently existing committees. However, it is a fact that the first mass political and social movement since the time Solidarity emerged is actually being born. It is worthwhile to ponder the everlasting validity of J. Kuron's slogan—do not torch committees, form them. The breakup of the SLD, which appeared unavoidable at the beginning of the term, was contained by attacks against it, including the famous presentation by Leszek Moczulski, in which he expanded the abbreviation PZPR [Polish United Workers Party] as "paid traitors, flunkies of Russia." The SLD retreated and closed ranks, as is the thing to do in defense, though differences between trade unions and the remainder of the club are still apparent.

Historical divisions and a traditional quarrelsome disposition make it impossible for peasant groups to unite. However, if Solidarity peasant politicians finally begin to think in terms of politics, a rapprochement will become possible, especially since it does not appear that any peasant party other than the PSL has a chance to make it over the electoral threshold of 5 percent. The latter will most certainly be inserted in the new election law.

Sejm Voyages

This process of transformations is still underway and is causing the Polish political scene to be not ready for elections. The traffic between clubs and the creation of new parties appear to be organizing the political arena more effectively than a new campaign.

It would be guided by its own rules and would not bring about a confrontation of programs in the least. If the estimate is that, based on the new election law, about 10 groups will succeed in gaining seats in the parliament, it will be more or less as many as at present. We now have 11 clubs (according to new Sejm regulations, 15 deputies are needed to create a club). At present there are six clubs that matter, that is, those with 30 or more members; they are the only ones who can think about forming coalitions. The remainder play a supporting role only.

Thus, the political efficiency of the current parliament is not as low as it would appear and as some politicians would like to see it. Two governments have been formed, and the chairman of the National Bank of Poland, chairman of the Supreme Chamber of Control, civil rights ombudsman, and the Constitutional Tribunal have been elected. These facts indicate that the parliament, still in its infancy, is not all that bad at the difficult art of political compromise, and that it is gaining more and more experience.

Nor is the legislative efficiency of the Sejm poor. This body is coping quite well, given that this is a highly nonprofessional parliament (the number of lawyers and economists is extremely low; more than 80 percent of deputies are first-time members of the Sejm). During the year, the deputies introduced 117 draft laws (the government introduced 67 draft laws, the president—eight, and the Senate—seven). Sixty-two laws were adopted, including laws as important as the Small Constitution and the Law on Radio and Television Broadcasting, which they had not been able to handle for three years. In general, they observed the principle that government drafts have priority. We shall add to this more than 400 interpellations by deputies, more than 300 inquiries, and 106 adopted resolutions through which, among other things, the control function of the Sejm is performed. These are impressive accomplishments in one year of operation (more than 30 sessions during 90 days and 1,300 commission meetings). These accomplishments are obscured in current parliamentary reporting, are drowning in a sea of verbiage flowing from rostrum of the Sejm, and are overshadowed by extemporaneous political games which excite politicians and observers more than the primary function of the parliament, which is to make law.

The fast legislative track for draft laws classified by the government as particularly urgent, which has been introduced by the Small Constitution, will now be a new and very significant test of the effectiveness of the Sejm. If they succeed in working faster on important draft laws despite all their imperfections, the weakness of Sejm authorities, and the lack of discipline on the part of deputies, it will be possible to recognize that the current Sejm is indeed coping with the creation of law, for which it was formed after all, and which is its main task.

In light of what we have written above, it should be stated that at present, there are neither political conditions nor rational arguments in favor of early parliamentary elections. There are no arguments which are grounded in the very structure of the current parliament or the effectiveness of its operation.

Better and More Pleasant

However, this coin has another side, too. The growing feeling of citizens that they do not have an influence on public life, that genuine social conflicts are not expressed in the parliament, and that substitute topics get the upper hand in the parliament constitute this side. This is a problem of a certain alienation of the parliament, of viewing it as a ship which is following a different course from that of society.

There are reasons to maintain that the political geography of the Sejm does not correspond to the actual geography of public thinking and feeling, that the parliament lives and operates apart from the people, and that the people have no opportunity to speak out and ensure respect for their convictions and aspirations. The people are also not capable of seeing the positive work of the parliament which is obscured by quarrels, swindles, and humiliation of the deputies. In this environment, it is easy to win the support of the "throngs" for the slogans of fighting "Sejmocracy," as was the case in 1926. It is also easy to hope that the new elections will finally produce "real" parties, and that the future Sejm will be both effective and somehow better and more pleasing. We are afraid that these are delusions.

For now, let us ignore the cost of such an election campaign—not only in terms of funds, but specifically social costs: a return to emotions and stereotypes yet again, various forgeries and hollow promises, and substitute conflicts. The new Sejm will not at all be better and more pleasant than the old one because all of us are not better or more pleasant. We are still learning about reality which is being created day by day. We are still learning new notions and a new language, not being able to always get our bearings or tell the truth from the lies. The Sejm is learning this reality in combat, whereas our society is verifying it firsthand.

It is true that Poland has no time, whereas democracy needs time first of all. This is a real dilemma. However, let us not use a hammer to tinker with our clock.

* Status of Parties Among Electorate Analyzed

93EP0141A Warsaw RZECZPOSPOLITA (HOLIDAY EDITION supplement) in Polish 24-27 Dec 92 p 1

[Article by Janusz Czapinski: "Parties in the (Distorting?) Mirror of Their Supporters!"]

[Text] Most groups alienate old supporters rather than win new ones.

Abortion, the issue that has recently increased the political involvement of Poles the most, is a factor that most of the changes in the electorates have in common. Representatives of the most prestigious professions, top management cadres, and independent specialists account for the greatest percentage of the UD [Democratic Union] and SLD [Alliance of the Democratic Left] electorates.

Almost everything we know about political life in a new Poland comes from a narrow circle of the political elite, journalists commenting on their (mis)deeds and statements, and the effusions of "memoirists." Well, perhaps a handful of people read the program documents of some political groups in addition. Meanwhile, in a democratic system, the electorate is the sovereign of the party. It is precisely the people who vote for a party that create its public, rather than salon, identity.

Unfortunately, in our country it is still so in theory only, but, on the occasion of elections, it is so in very real terms. The functionaries and leaders of parties which are currently proliferating in Poland somehow do not boast about the ranks of their members and supporters. One even gets the impression that they are not particularly interested in the social base of support. For deputies and senators, as well as for the mass media, it appears much more important what the politicians think and say about one another than who they are, what they think, and what the voters expect of politicians. It is said that, in a representative democracy, a society, upon deciding who will represent it, should not interfere with current policies. This is quite right. However, the point is that, given the present-day pace of the political quadrille, and the abrupt breakups and mergers of parties, subparties, and factions, elections in Poland should be held once a quarter. As a matter of fact, such secret voting occurs continuously. The vitality and power of individual parties will depend on the course and outcome of this unofficial stage of the formation of electorates, which is ignored by politicians once the time of a ruthless test by formal elections comes.

Without waiting for the curtain to rise officially, it is worthwhile to try right away to learn about the emergent social identity of the main political groups, which have, after all, changed greatly in recent months. Let us begin with precisely the question of the degree to which the electorates of these groups have changed compared to the 1991 parliamentary election. There is a problem in that some parties ran in the last year's election within alliances which no longer exist. It would be hard to evaluate which proportion of individuals voting, for example, in favor of the WAK [Catholic Election Campaign] came out specifically in favor of the ZChN [Christian National Association]. Therefore, we will restrict the analysis of the loyalty of electorates to parties which have at least not changed their signs since the parliamentary election.

Chart 1
Percentage of Voters in the 1991
Parliamentary Election Who Are Inclined
To Repeat Their Political Behaviors¹

| | |
|-----------------|----|
| SLD | 59 |
| UD | 48 |
| PSL | 45 |
| KLD | 44 |
| KPN | 40 |
| UPR | 33 |
| PL | 28 |
| NSZZ Solidarity | 28 |
| PChD | 10 |
| Did not vote | 78 |

¹ Data collected by the Social Studies Workshop in Sopot, on order from RZECZPOSPOLITA, between May and November 1992, from a sample of 7,032 people over 18.

The segment of our society which refrained from participation in the election has been the most consistent (in Chart 1, it is called "did not vote"). The SLD can boast the next most loyal constituency: Almost 60 percent of the supporters of the Alliance in the parliamentary election declare their desire to support this group at present as well. The UD, the PSL [Polish Peasant Party], the KLD [Liberal Democratic Congress], and the KPN [Confederation for an Independent Poland] have retained close to one-half of their unchanged constituencies. One in three supporters of the UPR [Union for Real Politics], and one in four supporters of the PL [Peasant Accord] and the NSZZ Solidarity has remained faithful to one party. Voters favoring the PChD [Party of Christian Democrats] have turned out to be the least loyal. Only one in 10 of them would like to make at present the same choice as one year ago. One in four of them has shifted his support to the SLD, and one in 10 to the ZChN. Those who have lost their desire to take part in elections again to the greatest degree are those who voted in favor of Labor Solidarity (more than one-half), the Polish Beer Lovers Party (45 percent), and Christian Democrats, the KPN, and the NSZZ Solidarity (about 40 percent). The smallest number of individuals have lost interest in elections among the past sympathizers of the PChD, the UD, the SLD, the KLD, the PSL, and the WAK (under 30 percent).

"Flows between parties" reflect, on one hand, the degree of political development and the identification of the electorate. On the other hand, they indicate the disappointment of the electorate in the actions of party leaders. In turn, this may be the result of the unfaithfulness of the latter to election promises or the lack of familiarity with the programs of the parties they support on the part of the voters. Let us not forget that the history of a majority of political groups currently active in

Poland is quite short (though some boast a long tradition). In view of this, voters were forced to take their word of honor last year. Later, it has gradually come out what this word is worth.

Generally, it is possible to say that the politically passive segment of the population has changed little. Considerable switching from one party to another has occurred within the active segment, which is ready to vote in the elections. However, changes in political sympathies seldom transcend the conventional border between the right and the left (the constituency of the PChD is an exception). Let us take a closer look at these switches or, more precisely, changes in the size of individual constituencies within the recent past, the last half year.

Chart 2
Percentage Changes in the Size of the
Constituency Between September and October
of This Year Compared to the Period Between
July and August of This Year¹

| | |
|-----------------|------|
| RdR | - 33 |
| UPR | - 31 |
| PChD | - 29 |
| PC | - 22 |
| ZChN | - 20 |
| UD | - 17 |
| KPN | - 16 |
| PSL | - 13 |
| KLD | - 7 |
| Party "X" | 0 |
| PPG | 0 |
| PL | 0 |
| SLD | 2 |
| Did not vote | 3 |
| NSZZ Solidarity | 7 |
| Undecided | 24 |
| other parties | 33 |
| UP | 33 |

¹Positive values indicate increases in constituencies; negative values indicate declines in the constituencies of parties.

Who Is Going Bankrupt, Who Is Prospering?

A comparison of the relative size of the constituencies of large political groups in the last three months (September through November) with similar data for the previous quarter (June through August) indicates that losses outweigh gains (Chart 2). Most groups alienate their old supporters rather than attract new ones. Those alienated reinforce mainly the group of undecided and those who do not see their favorites among the 15 largest current parties, and would like to vote for some other (nonexistent or smaller) group. They also replenish the constituencies of the UP [Union of Labor] (an increase of 33

percent) and, to a lesser degree, the constituencies of the NSZZ Solidarity and the SLD. In the latter case, the growth of popularity by leaps, by as much as 80 percent compared to October, occurred as late as November. For some parties, shrinking constituencies mean only a certain weakening of their social influence. However, to others this poses the threat of becoming completely marginal and getting out of the game. Given the 5-percent threshold proposed by a commission of the Sejm in a draft new election law, now parties such as the PC [Center Accord] or the ZChN would not have a chance to gain representation in the parliament on their own (both had 3 percent of supporters each in November). I think that these surprisingly great changes in social support for the main players in the Polish political arena, especially during the recent period, are due to many different reasons. The loss of supporters by groups belonging to the government coalition may be the result of the family budgets of the lowest and intermediate income groups getting leaner. The PC is likely to be reaping the fruits of internal quarrels and breakups. The left wing could be reinforced by the results of a parliamentary election in Lithuania. Abortion, the issue which has recently increased the political involvement of Poles the most, is perhaps a no less significant factor which, at the same time, most of the changes in the constituencies have in common. If we superimpose, over the picture of these changes, data on the attitudes of citizens toward abortion and a referendum on the issue of penalties for the discontinuation of pregnancy, it will become quite obvious why the constituencies of some parties have increased and those of other parties have diminished. More than 70 percent of the public come out in favor of the referendum. Even among the most faithful supporters of the ZChN, who were inclined to vote for this party as recently as November, 32 percent supported the referendum, and 60 percent expressed their desire to take part in it. All of this runs counter to the unambiguous position of the leaders of the party. The Polish General Social Survey in the middle of this year revealed that, within the WAK constituency as of the time of the last year's parliamentary election, 70 percent support abortion if the life of a woman is in danger; one in two WAK voters favor the right to discontinue a pregnancy resulting from rape. As Chart 2 suggests, the loss of support was the greatest in the case of parties which have given the strongest support to the antiabortion law prepared by the Sejm commission and have resisted the referendum most vigorously, as well as groups which have not taken an unambiguous position on at least one of these issues, whereas their constituencies hold such positions (for example, between 70 and 90 percent of UD, KPN, PSL, and UPR supporters are in favor of the referendum). In turn, the UP, which has engaged in a campaign of support for the referendum most vociferously and unambiguously (the Bujak committees) and has combated the extreme draft law on the protection of conceived life, has gained the most votes.

Demographic Structure of Constituencies

If parties were to be evaluated on the basis of their representatives in the parliament, all of them should be termed very male. In most cases, this is not in line with the structure of their constituencies. In terms of the sex ratio, the supporters of the KPN (seven out of 10 are male) and the PPG [Polish Economic Program] (64 percent male) differ from the leadership of the parties the least. A surplus of about 10 percent in the number of men over that of women is characteristic of the constituencies of the SLD, the PSL, and the UPR. The ZChN, followed by the RdR [Movement for the Republic] and the UD, are more popular among the fair sex (I wonder whether it is fitting to define it so in this instance). Combativeness, or rather a small degree of timidity, corresponds to the "masculinity" of the constituencies. The Polish General Social Survey indicates that the supporters of the KPN perceive the lowest level of physical threat, whereas those of the ZChN perceive the highest level.

As we take a closer look at the functionaries of individual parties, we may easily notice differences in age. KLD leaders represent one generation whereas ZChN politicians represent another. Such differences between electorates are quite as apparent. The proportions of the youngest (under 25) and oldest (over 59) voters (Chart 3) make it possible to surmise which parties, even in the absence of changes in the size of their constituencies, may count on their influence in professionally active groups increasing over time (the PPG, the Party "X," the KLD, the RdR, the PChD, and the KPN), and which ones are threatened with a gradual withdrawal from the political arena along with the natural loss of voters (primarily the ZChN, in whose constituency retirees and annuitants account for almost one-half, as well as, though with a greater delay, the SLD and the PSL, more than one-fourth of whose support comes from persons over 59, and one half from those in their 40's or 50's). Of course, the long-term influence of particular parties does not hinge on the current demographic structure of constituencies per se. Groups which are currently aging may be rejuvenated at a certain point following a generational change in the leadership (the case of the PSL) or a change in their political programs in a direction more attractive for the younger segment of society. The constituencies which are young at present may turn out to be not too faithful to their political voters [as published]. To determine the power of the party, it is also important to know which position in the social structure its supporters hold.

Social Structure of Electorates

In a democratic system, the correspondence between the program and specific actions of each party and the group interests of its constituency is very likely to be the most important prerequisite for its vitality and political effectiveness. To evaluate this correspondence, we should know the social structure of the constituency and be aware of the strata of the public from which support is drawn. Of course, it is possible to be unhappy with the

constituency one has and to maintain that it represents a distorted reflection of the intentions and program of the party. However, in this case it is necessary to tell oneself clearly that a misunderstanding has taken place, and that the party program was misinterpreted by the public. Subsequently, there are two ways out: to revise the program in the direction of the expectations of voters, or to embark on a risky courting of a new constituency. One way or the other, a description of the state of affairs, or current areas of social influence, should be the point of departure.

Let us begin with the synthetic indicator of economic and social standing, which consists of education, the prestige of one's profession, and household income. If we classify this indicator into seven categories, a sharp contrast of three positions will result: the lowest position (hand-to-mouth income, work in occupations enjoying the least social respect, and a primary, or incomplete primary, education); the highest position (very high incomes, work in prestigious occupations, and secondary school or college education), and the intermediate position (average income, moderate professional prestige, and vocational or secondary education). Considerable differences occur between parties with regard to the proportion of the three economic and social groups in their electorates. We find the highest percentage of individuals from the group with the highest position and the smallest percentage of those with the lowest economic and social position among the supporters of the UPR, the UD, and the KLD. A similar dependence exists in reverse. Parties which enjoy the support of citizens at the lowest levels of the social hierarchy (the ZChN and the PL) are at the same time unattractive to individuals with the highest position.

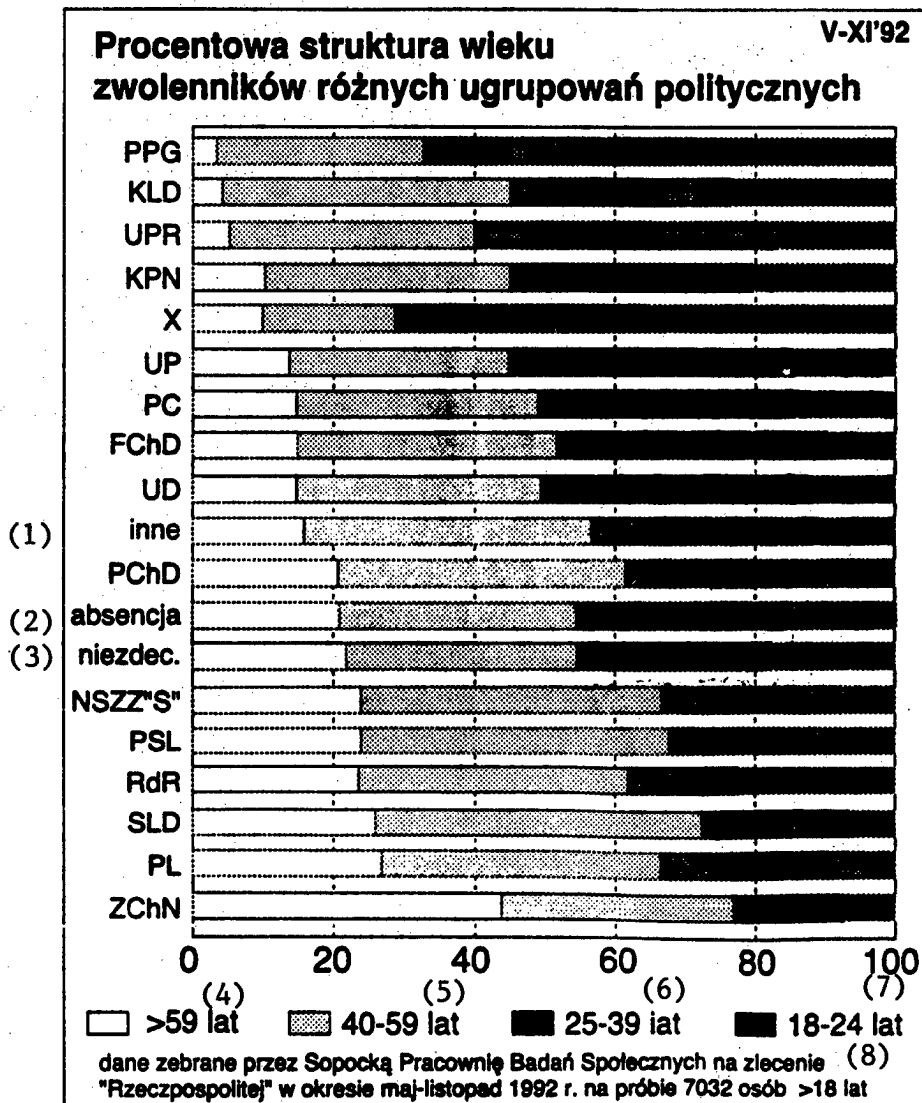
Factors which are components of the economic and social status do not necessarily correlate. Some people with a higher education, and some of those doing socially valued work, do not have high incomes (for example, physicians, professors, higher-level managers in state administration). Therefore, it is worthwhile to take a closer look at individual determinants of the status separately.

Representatives of professions enjoying the greatest prestige (upper management cadres and independent specialists) account for the highest percentage of the UD and SLD constituencies. If we compare this distribution with that of the percentage of individuals with the highest economic and social position, we will notice a few striking discrepancies testifying to the lack of correspondence between status factors. Thus, for example, despite the percentage of individuals with the highest economic and social position being twice as high in the constituency of the UPR than among SLD supporters, the ratio of these two groups is the almost exact reverse as far as the share of representatives of the most prestigious professions is concerned. This means that UPR supporters, among whom private entrepreneurs dominate (37 percent, ranking first among the 15 largest constituencies) make up for their lower professional

prestige compared to SLD sympathizers, and then some, through either income or education. It is not by virtue of education because on this score they are not inferior to SLD electorate. Together with KLD supporters, they do

not have competitors on this score. The proportion of affluent individuals among UPR supporters is twice as high as in the SLD constituency. This suggests that

Chart 3. Percentage Breakdown of the Age of Supporters of Various Political Groups, May Through November 1992
Wykres 3



Key:

1. Others
2. Do not vote
3. Undecided
4. Over 59
5. 40 to 59
6. 25 to 39
7. 18 to 24

8. Data collected by the Social Studies Workshop in Sopot, on order from RZECZPOSPOLITA, between May and November 1992, for a sample of 7,032 people over 18

enunciations by KPN, PC, or RdR functionaries concerning the privileged position of former communists may be true only to a degree (provided, of course, that the communists and the current electorate of the SLD are equated). It appears that they have kept what it has been impossible to lose, i.e. education, and what they could have lost, but at the price of a temporary void emerging—their positions. As data of the Polish General Social Survey indicate, they have also kept cars (a 70-percent rate of car ownership, the highest of any constituency) and apartments (though not necessarily privately owned apartments, on which score they rank below the UD electorate, or official apartments, on which they rank below the WAK and KLD electorates). Moreover, time is taking away from SLD supporters even the privileges which they succeeded in carrying across the divide of political systems (if for no other reason, because of their age and retirement): Supporters of other parties, mainly the UD and the [Liberal Democratic] Congress, are increasingly crowding them out of prestigious positions and professions.

Here is another manifestation of a lack of correspondence between the factors of status: The percentage of persons with the lowest economic and social position among supporters of the Party "X" is one-half of what it is among the ZChN constituency. However, the share of the poorest individuals (with monthly household incomes per capita of less than 700,000 zlotys) is, in turn, twice as high among the electorate of the Party "X" than among ZChN sympathizers. This is the case because this difference in income is more than offset by the reverse difference in educational levels (one in two ZChN supporters has at best a primary education compared to just one in six Party "X" voters).

The employment status and place of employment are a good indicator of whose interests a party represents. As far as the share of the unemployed is concerned, the Party "X" is in the lead (13 percent), followed by the combined constituencies of other groups which are not mentioned by name (11 percent), the UP (10 percent), and the KPN (9 percent). The percentage of the unemployed is the lowest among the supporters of the ZChN (1 percent), the PC, the PChD, and the RdR (3 percent each). The highest percentage of individuals employed at state enterprises is found in the constituencies of the Party "X," (36 percent), the PPG (30 percent), and the KPN and the NSZZ Solidarity (28 percent each). This percentage is the lowest (under 15 percent) among the supporters of the UPR, the PL, the ZChN, and the PSL. As far as the latter two peasant parties are concerned, it may be surprising that fewer than one half of their supporters are professional farmers, whereas there are many retirees and annuitants (25 percent) and skilled workers (18 percent in the PSL and 13 percent in the PL).

In the summation of this economic and social description of the electorates, it is worthwhile to note the position of those who do not intend to vote in the elections. Despite the fact that they are a majority in our

society, they do not at all come evenly from all social groups. The lowest economic and social strata are represented the most. Therefore, they constitute a potential social base of parties which are attractive for precisely such people, that is, the ZChN, the PL, the PSL, the NSZZ Solidarity, the PChD, or the Party "X." However, they are not there for the taking. After all, it is much more difficult to win them over and persuade them to take part in elections than to indispose them for involvement in any political activity.

Footnote

1. Data quoted in the present article come from two sources. Monthly surveys of a representative sample of the adult population of Poland, taken on the order of RZECZPOSPOLITA by the Social Studies Workshop in Sopot, are the main source. Measurements taken over seven months, from May to November (unless otherwise noted in the text), were cumulated in order to increase the sample, especially that of small constituencies. In this manner, a complete sample of respondents amounting to 7,032 individuals was obtained; constituencies represented by more than 30 people were taken into account in our analysis. The Polish General Social Survey was the second source, much more modest for the purposes of this segment of the study. The survey of a representative sample of 1,647 adults was taken in the middle of this year ("Polish General Social Survey 1992: Abstract of Data," B. Cichomski and Z. Sawinski (program leader), Institute for Social Studies, University of Warsaw, Warsaw, 1992). Whenever references are made to differences between constituencies, statistically essential differences are meant, i.e. such whose probability of occurring indeed may be assumed to exceed 95 percent.

* Coalition Parties Want Coordination Council

93EP0160B Warsaw GAZETA WYBORCZA in Polish
15 Jan 93 p 3

[Article by Dominika Wielowieyska and Wojciech Zaluska: "Cohabitation of Coalition Parties"]

[Text] *Time after time rumors of big or little tiffs spread from political salons. Sometimes the coalition parties, like bickering spouses, even complain to outsiders and threaten divorce. Below is a brief list of their grievances.*

Nearly all coalition politicians believe that the meetings of the "Coalition Seven," organized by Minister Jerzy Kaminski, who handles contacts with the parliament, deal with secondary matters. The coalition deputies are the last to learn about important government decisions.

Democratic Union: Our Government Without Us

"Why are not you consulting us about your decisions?" the Democratic Union [UD] deputies asked at a meeting with Tadeusz Syryjczyk, an adviser to the prime minister. "You contributed your best people to the governing coalition, so you got to have trust in them," answered Syryjczyk.

ZChN: The Media and Rokita

"The mass media are anticlerical. How does it happen that, although our party is part of the governing coalition, we cannot do anything about it?" ZChN [Christian-National Union] activists complain. "Why is it that the Director of the URM [Office of the Council of Ministers] Jan Maria Rokita, a member of the Democratic Union, makes important administrative appointments without regard to the existing coalition alignment?" When told that the Democratic Union has exactly the same grievances about Rokita, a ZChN leader answered, "The URM director staffs these positions not so much with Democratic Union activists as, simply, with his own people. He is thus building his own political base of support." But when asked by GAZETA WYBORCZA about it, the leader of the Caucus of ZChN Deputies Stefan Niesolowski denied that his caucus had reservations about the performance of Minister Rokita.

PPL: The Quarrel About Taxes

Lately the PPL [Polish Liberal Party] has been the party most critical of the government. The Liberals are not happy about Hanna Suchocka's economic policy. "From the economic standpoint this is one of the worst governments in recent years. Industry will not be revived by giving subsidies to Silesia [coal miners] and Lodz [textile workers] instead of investing money in the most promising branches," a PPL leader told us.

The taxes proposed by Finance Minister Osiatynski are too high, in the opinion of the Liberals. Last Friday the vote in the Sejm was, owing to the Liberals, against the government with regard to the value-added tax, and this prompted a "macho" discussion between Ms. Prime Minister and the Liberals. To be sure, following that discussion, both sides declared that next year's budget "will be designed differently than the present," but, as known, as early as this year the Liberals are preparing another surprise for the government: The Caucus of PPL Deputies will propose in the Sejm its own concept of income tax. Instead of the progressive tax rising with a rise in incomes, as desired by Minister Osiatynski, the Liberals will propose a flat 25-percent tax whose introduction would mean that everyone, regardless of income, would pay the Treasury one-fourth of his earnings. The PPL is also working on a new macroeconomic policy that is more proinvestment than its government counterpart.

A Balcerowicz Would Come in Useful

Arthur Balazs of the Polish Convention Party believes that economic issues are decided upon within the government by several different individuals who often do not reach a consensus in advance. "Suchocka's cabinet lacks a person like Balcerowicz who could consolidate economic policy, but this has its advantages too, in the sense that previously Balcerowicz was the focus of general odium, whereas now several different individuals are subject to the odium."

A Pact of the Governing Coalition

Coalition politicians often raise reservations of the kind, "If the government does not want the voting in the Sejm to resemble a lottery, it must rapidly find a way of cooperating with the parties forming its own coalition," as the deputies are wont to say.

Some politicians desire the formation of a political council of the governing coalition that would include leaders of the parliamentary caucuses of the "Seven" coalition parties, while others warn that such a council would cause incessant conflict.

Those in favor of forming such a council include Artur Balazs of the Polish Convention Party: "Such a council would make it possible to reach a compromise on the most important issues. Otherwise, the electorate will matter to the deputies and their caucuses more than the interests of the governing coalition as a whole."

* Future of Christian Democratic Parties

93EP0147B Warsaw LAD in Polish No 51/52, 25-27
Dec 92 pp 5, 11

Interview with Slawomir Siwek, deputy chairman of the Center Accord, by Jaromir Kwiatkowski; place and date not given: "Either We Come to an Agreement or..."

[Text] [Kwiatkowski] You are a politician and a Christian at the same time. Hence, my question: "Do you believe that politics can be moral?"

[Siwek] Politics should be moral. If I did not believe in that, I would not be in politics. However, I approach politics cautiously, without emotion. I do not think that "politics is everything," that one has to subordinate everything to it. This approach makes it easier for me to exist in the world of politics and believe that lies can be avoided in that realm. I said once in public that if I were to lie, it would be better if I had remained silent. This is my credo, thanks to which I can function in public life without a moral hangover.

[Kwiatkowski] Is this cautious approach to politics a safety valve? What would make you quit politics?

[Siwek] I would quit if I lost my conviction that one can make a difference through politics (which is a game of choice between various options), or if I got very, very tired of it all. Then I would quit.

[Kwiatkowski] An aggression of the secular political groupings against the church unfolds before our eyes. How would you, as a Christian-Democratic politician, explain the reasons of that phenomenon?

[Siwek] I do have an explanation. A struggle for the foundations and the shape of the new political system is taking place in this corner of Europe. The result of that struggle will determine the future of Poland for years to come. We are facing a clash of two international coalitions—social democratic and liberal—which want to

establish their position in Poland. I am afraid that the third coalition—Christian Democratic—does not fully understand the seriousness of the situation. It does not understand that it might lose this part of Europe for a long time. These circumstances will obviously affect the stand of the church and its influence on public life. One has to state this openly.

[Kwiatkowski] What actions then does the Center Accord [PC] intend to take in defense of the church?

[Siwek] We certainly are going to use the instruments that we have at our disposal, namely the parliamentary forum. We are going to speak up loudly in that forum about all actions against the church as such and values that it represents. Surely, we are going to endorse the law that is rooted in the Christian tradition. Therefore, having talked like men to men within our ranks, we have decided to support the antiabortion bill. Incidentally, I would like to point out one aspect of this case, maybe not the most crucial but important nevertheless. The enacting of the antiabortion bill will be for us the beginning of the end of a legal system that the Soviet totalitarianism forced upon Poland in the 1950's, the system that considered human beings as nothing more than passive subjects. I believe that if this bill is enacted in Poland, this may contribute to the dismantling of a similar system in other European countries. I may be wrong, but I think that there is a chance to accomplish that. I would like to stress one more thing, especially on the pages of LAD. Other political groupings of the Right, which have embraced Christian values, suggest that a provision about upholding Christian values be included in as much legislation as possible. This is an important issue and PC will support it of course, but one has to ask a question—what if we include this provision in preambles or first paragraphs of all bills but the law remains the dead letter? I cannot imagine, for example, that the bill on television—containing this provision—would be implemented by people from the Democratic Union [UD] who remain under the ideological influence of Bronislaw Geremek, and who control all management positions in television. Therefore, we wanted to overrule this bill altogether, unlike the ZChN [Christian-National Union] parliamentary club, which wanted to amend it as much as possible.

[Kwiatkowski] Let's talk now about the situation within PC. You have said recently that PC is under attack and that "they want to slice PC up." Who and why would want to do this?

[Siwek] It is the Belweder camp that stirs this up in the first place. It is perfectly understandable because we are an inconvenient witness to what has happened with the president of the Polish Republic—the man who has abandoned his electoral platform. In addition, President Walesa is disappointed with his one-time favorite Jaroslaw Kaczynski, whom Walesa saw as no one more than a passive executor of his plans. That was wrong—Jaroslaw Kaczynski is not Wachowski. The second prong of the attack is led by the left wing of the Democratic

Union, which still holds it against us that we prevented it from taking power in 1990. The Union is trying to do the same today, and again we are a hindrance. UD intends to confront the president one on one, but before that happens, it wants to finish off all the competition. I can reveal that the Union's first target was supposed to be the Liberal-Democratic Congress. However, having joined the government coalition, the Congress agreed to play a secondary role in it, given the fact that all positions are controlled either by Mr. President or by Bronislaw Geremek through their people.

The second target of the Belweder camp and the Union is PC, which has remained outside the coalition, and which they harass using the state administration and public prosecutors. PC is a menace to them because, having decided not to abandon the program of decommunization, it can testify to the fact that the old and the new elite is intertwined. I am talking about this a lot because I want to make one point—UD is so arrogant that it does not realize that, having eventually finished off all its opponents, it will have to confront directly the Belweder camp. If that happens, one of those two sides will ask the other—who is going to govern whom? It would be a tragedy if that dilemma turned into yet another power struggle in Poland. These are only hypotheses, of course, but the task of PC and the whole centrist Christian-Democratic movement is to prevent this from happening.

[Kwiatkowski] What are the chances for the integration of this movement? The interests of the Polish center-Right are not served well by the fact that some of its parties are in the government coalition whereas others are in the opposition. One has to think about creating a united center-Right bloc right now, especially given the fact that elections may be called sooner than expected.

[Siwek] I see the future of Christian Democracy or—speaking broadly—of the center-Right in these dramatic terms—either we come to an agreement now or we will be gone after the next elections. Christian Democracy faces a simple task—it is time to make allies among the rank and file of its many factions. The observers of the political scene are sick and tired of divisions and squabbles among various Christian-Democratic groupings....

[Kwiatkowski] Moreover, the differences between their programs are not that great....

[Siwek] Exactly. But the problem is that their leaders have their own, separate ambitions. This irritates not only the rank and file but also the younger Christian-Democratic activists who do not care about some ancient axes to grind. These new Christian-Democratic cadres do not have to work within small groups, based in parishes, as it was under communism. Today they work in the parliament and operate in public life openly. Therefore, their way of thinking is entirely different than that of the older generation. I hope that the rank-and-file members of the Christian-Democratic movement will pressure their leaders to follow suit. Apart from that, it

would be useful if at least two or three of the largest groupings overcame their prejudices, met, and tried to find a common ground.

[Kwiatkowski] What is the chance that the current government will survive, given the growing public dissatisfaction with its policies? The society considers the government's initiatives, such as the pact for the state enterprises, to be nothing more than tricks designed to gain time....

[Siwek] By pushing the enterprises pact through and by supporting the current government, UD gains time, which it needs to prepare itself for the next elections. UD has already made a decision to call for elections earlier and it has practically begun the election campaign. The pact for enterprises is nothing more than a new version of Jacek Kuron's "soup kitchens." Unfortunately, it contributes to the poor shape of economy, driving inflation up and sowing the seeds of social discontent. UD's priority now is to "sell" this pact in television as something beneficial to the working class. Apart from that, UD is riddled by an internal power struggle in which younger and more aggressive activists in the likes of Wladyslaw Frasyuniuk participate. I do not share his opinions, but I have to admit that he at least does not hide his views and is honest about them. This is quite rare in the Union. I remember that when I met Adam Michnik at a cocktail party, thrown by some embassy, I told him jokingly: "Why does your party not admit that it is social democracy? We would thus know who is who on the political scene." Michnik got very angry and yelled at me that I had no right to insinuate that UD was a left-wing party. Meanwhile, the UD activists have given up on Mazowiecki. Instead, Frasyuniuk has shown up in the forefront. Kuron has an ambition to be the UD leader as well. Behind the scene there is also Bronislaw Geremek, a quiet and intelligent gentleman who—if unable to assume the UD chairmanship himself—will recommend Hanna Suchocka for that position. It seems to me that one has to keep these facts in mind if one discusses the future of the current government and the pact for enterprises. However, at this juncture, the future of Christian Democracy in Poland is more important to me than these speculations.

[Kwiatkowski] But when we discuss the future of the current government, one has to point out that it has been able to win its way in the parliament only by a very small majority of votes. Some observers ask already a question—what will happen if that government loses a parliamentary vote on some issue?

[Siwek] The government will lose at the moment when UD makes a decision to call for elections earlier, that is to start the process of disintegration of the current parliament. At that moment they will stop buying votes of deputies from other parties, not to mention the fact some of the UD deputies will conclude that they do not have to support this government any more. I do not worry about the fall of this government. The moment when the government loses a parliamentary vote for the

first time will indicate that the new elections are imminent. All that with the full approval of UD, which apparently believes in what its own paper, *GAZETA WYBORCZA*, wrote—that they have a chance to win 30 percent of votes.

[Kwiatkowski] In other words, we should leave them alone and focus our attention on strengthening Christian Democracy before elections?

[Siwek] Exactly. That is how I see it and what I am interested in.

* Goryszewski Comments on Controversial Issues

93EP0136A Warsaw POLSKA ZBROJNA in Polish
14 Dec 92 p 3

[Interview with Henryk Goryszewski, deputy chairman of the Council of Ministers, by Janusz B. Grochowski; place and date not given: "On Army, Government, and Economy"]

[Excerpt] [Passage omitted]

[Grochowski] How do you assess our politicians' understanding of defense matters?

[Goryszewski] Only the declared politicians of the right (including those who never served in the army) demonstrate full respect for the armed forces. Other political groupings show a surprising lack of understanding of the fact that the Polish Republic needs a strong army. It is the strong army, apart from the economic condition of the state and ideological unity of the nation, that contributes to Poland's international prestige, for friends to cherish and for potential foes to respect.

Decommunization of the Army

[Grochowski] When the officers from the Wedrzyn garrison asked you about the decommunization bill, you said that you would not let the army be harmed. However, the bill's draft, prepared by the ZChN [Christian-National Union], is one of the most restrictive.

[Goryszewski] That draft was written at a very specific moment—when our party was in a crisis, caused by the so-called file affair. In that tense atmosphere, one had to show initiative very quickly. In addition, some provisions of the draft were affected by the fact that we did not fully understand the situation in the army prior to 1990. If the draft were prepared today, without a rush, it would look a little different.

[Grochowski] Deputy Mariusz Karasek claims that decommunization is a precondition of the army's legitimacy.

[Goryszewski] Let those who say that the army needs legitimacy read any public opinion poll about the armed forces. Besides, Poland would not have much use of an army composed of politically correct dilettantes. We have to find a sound solution.

[Grochowski] Does this mean that the ZChN is willing to compromise on the issue of decommunization?

[Goryszewski] I have expressed only my personal opinion. The party as such has not taken an official stand on this issue.

[Grochowski] How about the draft of the decommunization bill, submitted by the ZChN? Was it not its official position?

[Goryszewski] The draft was submitted by a group of ZChN deputies. This may be a large group, indeed, but the party leadership has not adopted a formal resolution on this issue. Therefore, I cannot speak on behalf of the whole ZChN.

Give and Take

[Grochowski] They say that you have personally lobbied to allocate the additional 1,190 trillion Zlotys [Z] in the 1993 budget for the purchase of Polish-made arms by the army.

[Goryszewski] I will not deny that. Neither will I deny that, when I was chairman of the Sejm's Budget and Finance Commission, I won, though with difficulty, the additional Z275 billion for the army in 1992, earmarked for the same purpose.

[Grochowski] But the 1993 defense budget will still be smaller than last year's in the real value. When is Poland going to stop saving at the cost of the army?

[Goryszewski] Beginning in 1994, I think. There are signs that the tax-collecting apparatus is more efficient. Hence, we should have more revenue at our disposal next year. In addition, we are hoping that Poland's gross national product, which has declined by as much as 32-33 percent in the past three years, will start growing again next year. Therefore, one can expect that both budget revenues and expenditures will increase. If only the government is not forced to pursue some unwise social policies....

[Grochowski] What do you understand by "unwise social policies"?

[Goryszewski] If the retirement benefits are increased in an abrupt way, for example. Someone in the Sejm has already come up with this idea. I think the following words should be printed on the pages of a military newspaper: Any foolhardy proposal to increase the state's welfare spending at this juncture amounts to irresponsible demagoguery, which puts the very existence of the state in danger.

The Goryszewski Plan?

[Grochowski] The Suchocka government did not have a clear economic plan in the beginning. To be sure, it later devised five priority tasks, including two directly related to the economy, but the whole plan seems to be a

collection of loosely assembled proposals. Is there anything that could be called the economic plan of Deputy Prime Minister Goryszewski?

[Goryszewski] No, and that is all right. Still, it is not true that the Suchocka government did not have a clear economic program. Those five priority tasks were among 12 that we had set for this government. They were included in the government expose when we were fighting for confirmation. We devised them when we were in the process of creating the coalition. This was possible because the current government is composed of people who have similar views on the economy, even though they may come from different political parties. The politicians who have remained outside the government camp have views that are too dissimilar to make cooperation with them possible.

The Balcerowicz plan has made us treat the economy in ideological terms. In contrast, the current government is pragmatic. Its philosophy can be expressed by the following credo: "As much freedom as possible; as little state interventionism as necessary." We do not want to construe any economic theories. Therefore, it is difficult to speak about the economic plan of Osiantynski, Kropiwnicki, or Goryszewski. What we are trying to do is support the nascent processes of economic revival.

[Grochowski] But there must be some rules of the game, after all. The fact that production has increased by 0.002 percent cannot be called a turning point. It is nothing more than the slowing down of negative tendencies, paid for with growing inflation, a phenomenon Leszek Balcerowicz warned about.

[Goryszewski] That is not true. Inflation has gone up because the prices of produce have gone up and because the salary raise in the state sector has been postponed until the second half of the year. This happened because the budget was adopted only in June. The money supply increased abruptly while economic output grew slowly (although signs of improvement appeared as early as in April).

Tax Is a Must

[Grochowski] You have charged that your opponents have no antirecession policy. Do you think the only way to jump-start the economy is to increase taxes or to introduce tariffs on imported goods?

[Goryszewski] If the Sejm accepted proposals to limit social security payments, we could avoid the tax increase. There is a minimum level of state expenditures, for which the money has to be collected. That can only be done by increasing taxes or the budget deficit—one or the other.

Unfortunately, it is not feasible to obtain more foreign credits, and procuring credits from the domestic commercial banks only contributes to the recession. Apart from that, one could ask the central bank to prop up the budget, but that would be nothing more than printing

more money, unbalanced by the increased supply of goods. Therefore, a tax increase is a necessity, unpleasant as it may be. Having analyzed various options, we have chosen the one that is the least harmful to the economic process at this juncture, the ideological commitments of the coalition partners notwithstanding.

At the same time, an abrupt influx of money has led to an increase of imports. The protection of Polish exports through controlled exchange rates is less and less effective. Therefore, it has to be strengthened by an anti-import tax. It would be better than an abrupt devaluation of the zloty.

[Grochowski] You have said that we need to be protected from imports. But that would amount to protection of inefficient domestic manufacturers, who have monopolized the market and are unwilling to lower their costs. It is unacceptable from the point of view of destitute consumers.

[Goryszewski] Not exactly. Import as a method of making consumer goods cheaper is a short-term solution in a country that is in a deep economic crisis. This would lead to lowering the standard of living in the long term. To be sure, goods of better quality (or goods that only look better) would become cheaper, thanks to imports. But how many Poles would lose their jobs because of that? The diminishing number of people with jobs would have to take care of the growing number of unemployed. The government has to prevent that.

On the other hand, the government could cautiously exercise certain political and legal pressure to prevent the domestic manufacturers from abusing their monopolistic position. Most of all, what is needed is demonopolization. But how do I accomplish that in a situation where, for example, I am being lobbied by the sugar producers to establish a cartel? It would be completely ridiculous at this juncture, when Poland is still many years away from becoming an EC member.

[Grochowski] The government has expressed its intentions in the "pact for the state enterprises." Subsequently, it has negotiated this document with various trade unions, although Solidarity 80, which led the recent strikes, has boycotted it. Could these negotiations bring about a coherent economic program?

[Goryszewski] That would depend on the degree of coherence one would expect of it. If we are to assess it by the standards of liberal ideology, it would be very difficult. But the current government is pragmatic. After all, the success of reforms depends not only on the soundness of the government plans and decisions or parliamentary support, but also—and most of all—on social approval. The government has to gain society's trust and acceptance if it wants reforms to succeed. As of now, however, we are in the midst of a long-term economic crisis, accompanied by society's unwillingness to accept more sacrifices.

It was irrational, but the Poles really believed that, once the political system was changed, Poland would be as prosperous as the mythical West. What was worse, when the Balcerowicz plan was put into effect, the government promised that the economy would begin its recovery after only six months of deep inflation. That has not happened. Some tangible signs of recovery have appeared, but we do not yet see the light at the end of the tunnel. Therefore, the government has to strive to convince society that its program is correct. That is the central idea of the "pact for the state enterprises," apart from the necessity of restructuring the state enterprises, which are truly inefficient in the market economy.

Price of Reform

[Grochowski] The Suchocka government has been under the pressure of strikes from its very beginning. Judging by the performance of Minister Niewiarowski in Mielec, and especially by his very nervous reactions at times, one wonders whether the government is losing its temper.

[Goryszewski] I hope not. In any case, I think that the government cannot afford to lose its temper.

[Grochowski] Is there a danger that the government might slow down reforms in order to buy social peace?

[Goryszewski] Your question is like another one that I never answer: "Are you sure you will never sin?" That is the matter of power. Therefore, there is always a danger that politicians might abandon their theory of government just to save their power. I cannot assure you that I will not make that mistake. It would be like bragging that "I will never sin." But it would be a grave mistake. Therefore, I have to be on guard so that I will not choose remaining in power at the price of irrational decisions.

[Grochowski] According to the Small Constitution, the Sejm may authorize the government to issue decrees with the power of parliamentary bills. Does your government intend to ask for such extraordinary powers?

[Goryszewski] We have never excluded such a possibility, but, so far, the government has not discussed this issue. The Small Constitution has been in force for a very short time. Besides, extraordinary powers should be used cautiously and only in extraordinary circumstances.

[Grochowski] In exactly which circumstances would the government resort to using those powers?

[Goryszewski] It might be necessary to solve the problem of restructuring banks and enterprises. In my opinion, the work on the restructuring bill is taking too long. That work has to be speeded up immediately so that the government has a legal basis to start the debt-reduction program. I could mention other examples, as well.

[Grochowski] The ZChN supports the idea of Poland's economic sovereignty. How much of that sovereignty has Poland lost as a result of its negotiations with the International Monetary Fund?

[Goryszewski] Sovereignty is a relative phenomenon. Did Poland preserve it in 1939, when it postponed the mobilization of its armed forces for three days under British pressure? To be sure, when we take action, we have to take into account the external circumstances. But the ZChN puts emphasis on terms like "autonomy" and "political decision." As Poles, we cannot passively follow someone else's recommendations. We can use advice, but it is up to us to decide what is best for us.

[Grochowski] Can a government that includes Deputy Prime Minister Goryszewski and Minister Bielecki cooperate coherently with the European Community?

[Goryszewski] It is possible, although I am afraid that it will be more and more difficult. My colleagues from the government coalition declare too often that Poland is interested in acquiring full EC membership quickly. But what does that mean, in practice? It means that there will be no Polish insurance companies within two years, as the example of Westa has shown.

What can we sell on the Common Market? What can the Polish manufacturers offer to the domestic consumers, not to mention the foreign ones? You yourself had doubts about that. If Poland joins the EC without a well-developed production basis, we may be able to sell only our work force, often unqualified. I do not want Hitler's plans regarding Poland to be realized.

[Grochowski] Those are strong words....

[Goryszewski] Yes, but I do not want Poland to be just a supplier of unskilled laborers. I want it to be a country of entrepreneurs and financiers, who could compete with their Western counterparts as equals. I am glad the Polish shipbuilding industry is able to challenge Western Europe. But we need more time to prepare ourselves for that. Therefore, all of those pronouncements that call for Poland's joining the EC as soon as possible are...

[Grochowski] ...premature.

[Goryszewski] To put it mildly. I do not want to use stronger words out of respect for my opponents.

[Grochowski] One year ago it was clear who was in charge of the Polish economy—Balcerowicz. Who has a decisive voice in the field today?

[Goryszewski] (showing amusement) As deputy prime minister and chairman of the Economic Committee, I work most closely with the ministers of finance and agriculture, as well as with the director of CUP [Central Planning Administration]. These four people are probably most responsible for making decisions in political terms. However, it will be up to historians to judge who was really in charge in Poland in the second half of 1992.

[Grochowski] Thank you for the interview.

* Suchocka on Government, Economy, Church

93EP0144A Krakow TYGODNIK POWSZECHNY in Polish No 52, 27 Dec 92 pp 1, 4

[Interview with Prime Minister Hanna Suchocka by Andrzej Romanowski and Adam Szostkiewicz; place and date not given: "No Right to Privacy"]

[Text] [TYGODNIK POWSZECHNY] Madame Prime Minister, during the five months you have been in office, you have been building your position as a strong head of government. Do you like to be compared to Margaret Thatcher?

[Suchocka] The comparison is very flattering to me, but it is not very convincing. After all, we are operating under completely different conditions, in another social environment. There is in our country a stereotype of Mrs. Thatcher as a successful politician, but few people today remember at what social cost this success was achieved. The people want to have a Margaret Thatcher, but, when a program is being implemented that is reminiscent of hers, there is immediately resistance. So this is rather a meaningless slogan.

[TYGODNIK POWSZECHNY] The recently accepted Small Constitution gives the government a strong hand in the state and gives the prime minister a strong hand in governing. Is this the right way to go? Won't jurisdictional disputes between the prime minister and the president begin all over again?

[Suchocka] Our system of laws and our political system were designed like an eclectic piece of furniture: We have patterned our Presidency after the French model, and our prime ministership looks more like the German model. Furthermore, the division of powers was very imprecise. Fortunately, the Small Constitution puts this in order, and this is a step in the right direction. The Small Constitution strengthens the executive authority—not only of the government and the prime minister, but also of the president. How this will work out in practice, we shall see. At the moment—and I have said this many times—relations between the prime minister and the president are good. However, it is really important that every prime minister be guaranteed a degree of stability. When I know that I have constitutional guarantees, I have breathing space and am able to look at things from a certain perspective. The reverse, a situation in which every parliamentary confrontation can bring about a fall of the government, means that one's actions must be immediate, that there is not enough time to work out a strategy.

[TYGODNIK POWSZECHNY] Do you have any examples by which you are guided? Do you call upon any specific political doctrines? Do you perhaps have a favorite hero, from the world of history or from the world of contemporary politics?

[Suchocka] It is harder and harder for me to emulate any concrete patterns: In today's reality, they immediately

lose their exactness. I am very comfortable with the social teachings of the church. Certainly I recognize the principle of economic freedom—but with social considerations, mutual assistance, and solidarism. But, while all of this is very easy to define, it is very difficult to put into practice. When, for example, we say “social market economy,” where are the limits of interventionism? I face such problems every day, and every day I must find an answer for them—each time a different one, and never an easy or unequivocal one.

As to my heroes, I do not actually have any. However, after my government ends, I would like to have some names remain similar to those that remained after certain governments of the between-the-war's period: Kwiatkowski, Grabski—those were successful politicians; the evidences of their activities are visible even today, when one travels through Poland.

[TYGODNIK POWSZECHNY] Madame Prime Minister, you have become a symbol of national accord. This ensues on the one hand from the government coalition you lead and, on the other, from your biography, which refers to two totally different traditions. Please tell us what the lesson of the Democratic Party (SD) was in your life, and what the lesson of “Solidarity” was.

[Suchocka] Today people are repudiating the past. We have even observed that the more someone yelled in the past, the more he yells now about the need to cut ourselves off from this past. I can say sincerely, which will certainly not make everyone happy, that the lesson of the SD was very educational for me. Perhaps we forget too easily today that there were people in the SD who previously said “no” to the PZPR; their affiliation with the SD could not have made life easier for them.

[TYGODNIK POWSZECHNY] In your case, joining the SD did not prevent your dismissal from the University of Poznan.

[Suchocka] True, after working a year, my contract was not extended. I want to say this: We know what the leadership of the SD was. However, the people with whom I worked in the SD, after the turning point in 1980, when it became possible to create organizations that were really democratic, immediately went over to “Solidarity.” That is exactly what happened in my case. I was a deputy on behalf of the SD from March 1980, and already in August 1980 I became a member of “Solidarity.” Furthermore, that seemed to me to be a completely normal evolution, and that is why, in an entirely natural way, I, as well as several of my friends, played an opposition role in the communist Sejm during 1980-85. For example, I voted against the delegatization of “Solidarity.” And, finally, when I saw that nothing more could be done, in 1984 I resigned from the SD. But I remained a deputy to the end of the term, at the recommendation of this party.

[TYGODNIK POWSZECHNY] Did being a deputy during those years require any particular kind of political correctness?

[Suchocka] In my case, no. I found myself in the Sejm only because there was a requirement that a deputy from Poznan had to be an SD member, it had to be a woman, and it had to be a lawyer. I fulfilled all of those parameters....

[TYGODNIK POWSZECHNY] And the “Solidarity” lesson? Does something like a “Solidarity” ethos exist for you?

[Suchocka] A lot was said about this—too much. That is why the meaning of this concept has been diluted. But let us not forget that it is the “S” Parliamentary Club that decided this year to reconnect the severed ties, to create this government to make the political situation more stable. However one might judge the position of this club, therefore, for me this was precisely a sign of the Solidarity ethos, the return to the roots. What is most interesting is that it succeeded at that time.

[TYGODNIK POWSZECHNY] You are now the prime minister at the recommendation of the Democratic Union (UD). Do you regard this party to be your natural base, and do you feel any particularly strong support on its part?

[Suchocka] That is a very difficult question. That the Union is my base is natural. However, as to support... Well, it is like in a family. A person counts most on his family and blames it the most when he fails. In my situation, it is like this: I have the right, or I have a limited right, to expect that other political parties will support me. However, I think I have the right to expect that the Union will help me. Yet that is not always what happens. There are even people in the Union who say that the party, because it went into the government coalition and because it designated its prime minister, lost by doing so. And I understand this: The Union activists believe that they should play a much greater role with their thoughts about the state. But the paradox is the almost universal belief that the Union now rules, while the Union activists do not feel this at all.

[TYGODNIK POWSZECHNY] And, outside the parties—after all, the majority of society is unaffiliated—do you call upon any particular social group? Perhaps the women?

[Suchocka] Naturally, I feel that women are supporting me, although I also realize that, especially today, women with a different philosophy perhaps do not completely accept me. Nevertheless, there doubtless is some “women’s solidarity.”

[TYGODNIK POWSZECHNY] At one time there was an office for women’s affairs.

[Suchocka] It had been eliminated earlier, but an office for women’s and family affairs remains. We are completing work on the final model of this office, although I

want to emphasize that we should not create representatives for various affairs. This results in a growth of the central administration with divisions of authority not always clearly defined.

[TYGODNIK POWSZECHNY] You represent that arm of the Union for which the unquestioned value is the tie to the church. What, for you, is the spirit of Christianity in politics?

[Suchocka] If you had asked me that question a year ago, the answer would have been much easier for me. But the Christian spirit is clearly being abused in politics today; this is sometimes done by activists or even parties who do not really fully realize this spirit and values. What can I say about myself? The spirit of Christianity is very important for me. That is why I believe that I must always keep my word, that I must be faithful to certain commitments. That is why I do not want to make any promises that may not be fulfilled. Further, I know that one must never lie or slander. I try not to speak ill of people, which is rather difficult, in any case, because many untrue statements circulate in my government. Fortunately, they are sometimes so completely ridiculous that I do not have to deal with them at all. Unfortunately, often it is the politicians who call themselves Christian who attach various false labels to me. I feel that we must work within the circle of Christian values, that they must be a general guide for behavior. However, it is difficult for me to use certain expressions in oral discussions, in political rhetoric. I always express myself with restraint.

[TYGODNIK POWSZECHNY] The representatives of your government frequently called attention to the fact that the church can be an agent for modernization in Poland. But public perceptions vary in this respect. What, then, is the case? Are the views of the church about the state and the economy undergoing a kind of evolution?

[Suchocka] This is a difficult time for a society that perceives the role of the church differently from what it did before. We remember how much discussion the teaching of religion in the schools provoked a couple of years ago. And yet, earlier, such a fact would have been regarded as a great social triumph, particularly because, in mature democratic societies, religion is taught in schools in a completely natural way. But, on the other hand, the church is also having a hard time because it has not gotten accustomed to the fact that it is being criticized. Until now, the church was criticized only by the communist authorities, and this, obviously, met with great social disapproval. Thus, the situation is difficult for both sides—for the church and for society, which, in any case, is in huge measure a part of this church. What can be done? I have to say that the church is attempting to find itself in these new circumstances. For example, the letter from the episcopate, dated 11 November, clearly appeals to society to accept the new role of the state. The bishops' letter on the occasion of the miners' festival on St. Barbara's Day, warning the miners against

yielding to the populist slogans spread by people out of nowhere, appearing in the mines, was very important. These are very significant church actions, and this is neither mixing in politics nor tending toward a religious state. It is simply stabilizing action.

[TYGODNIK POWSZECHNY] Unfortunately, it also happens otherwise; completely different letters are sometimes being read from the pulpits.

[Suchocka] Well, I always internally accepted the teaching of the church and the role of the church. And that is why I am not irritated at things that sometimes irritate others very much. I may be sometimes disturbed by the argumentation, but I agree as to the essence. Naturally, I am not talking here about the utterances of individual priests. Sometimes they upset me very much, except that I know that they also upset some members of the episcopate, so this is an entirely different matter.

[TYGODNIK POWSZECHNY] You spoke about the difficult situation in which we find ourselves. We also see these difficulties in the fact that, although the economic forecasts today are promising, the social moods remain bad. Furthermore, the frustration affects not only the state employees but also, as a result of tax reform, the private entrepreneurs. Given that, what will the next year be like?

[Suchocka] It will be another hard year, which, at the same time, will be the first year of great hope. The economic indicators show that the decline in production and in national income are already behind us. In the first six months of this year, production still dropped, but, in the second half of the year, it began to slowly rise. Ultimately, it seems, this year will be a year of zero growth. Of course this growth will be possible if we retain the basic components that determine the halting of inflation, if we accept a state budget that favors economic growth.

Hopes for growth are perceived not only by domestic economists. Many unusually optimistic opinions on the subject of the Polish economy appeared recently in the West. A report from the renowned "Salomon Brothers" firm states that Poland may become a winning "dark horse" in the self-propelling market economy. Ian Hume, the World Bank's representative in Warsaw, said about our country: "This place is like an opening flower". I approach these enthusiastic opinions from a certain distance. There would be reason for optimism if the people in Poland shared the opinions of Western and domestic experts. And, unfortunately, that is still not the case. The reason for this disparity in opinion is obvious. The economists look at Poland from the viewpoint of macroeconomic indicators. But ordinary people look at their table, at their wages, and compare them with prices in the shops. There is still no perceptible improvement here.

I try to give my countrymen a vision of the future further from this one—perhaps critical—year. I try to describe Poland's chances for development. They are incredibly

good if we are able to resist the temptation to immediately eat up the growth. I have said already many times that, if we want to live in a Poland that is affluent and comparable with the prosperous countries of Europe in 10 years, we must designate half of our economic growth for investment. And here is the whole tragedy: For it be better macroeconomically, for the country as a whole, we must accept the fact that, for some time, the ordinary person will not see any radical improvement in his own personal financial situation.

[TYGODNIK POWSZECHNY] What does "for some time" mean?

[Suchocka] A good question. Who can answer it? But, if this 2-percent growth really appears, there may be a chance that the economic stringencies will be gradually relaxed.

*** Committee for Self-Defense of Nation Founded**
93EP0140B Warsaw RZECZPOSPOLITA in Polish
30 Dec 92 p 2

[Article by E.Cz.: "With Lepper and General Skalski: 'Self-Defense of the Workers, Peasants, and the Wronged Intelligentsia'"]

[Text] Creating a nationwide movement, bringing about early elections to the parliament, and nominating a government that defends national interests are the main objectives of the Committee for the Self-Defense of the Nation, which has been established.

The committee was created on Tuesday by about 50 representatives of "Self-Defense" and several unions and sociopolitical associations, including the quite well represented "Motherland" National Party, the Association of War Victims, the Committee for the Defense of Unemployed, the Federation of the Trade Union of Miners, and by Motherland, a Collective Duty, Tomorrow's Poland, and by associations of reserve officers. Representatives of the Solidarity 80, the Polish Cybernetic Union, several professors, and two writers also attended. Representatives of groups which have representation in the parliament cannot join the committee. General Stanislaw Skalski, a participant in the air battle of England, belongs to the founding committee. Despite being offered the post of chairman, he did not agree to accept it.

The Committee for the Self-Defense of the Nation intends to establish local chapters throughout the country, including gminas. It was also suggested that the association be transformed into a strong political party whose allies will be "workers, peasants, and the wronged intelligentsia."

As Andrzej Lepper announced, a government appointed by this party would say "enough to the World Bank and the IMF," and would defend national interests. As interpreted by those assembled, this means a stop to privatization that is being carried out in a destructive

manner, the appropriation of the national wealth by individuals, and the takeover of assets by foreign capital; also, the transfer of enterprises to employee councils and reprivatization, but only with regard to Polish citizens who are ethnic Poles, and upbringing in the spirit of the national tradition.

Mieczyslaw Janosz, who represented the Association of War Victims, called for the creation of a second power structure. "Let them have their own parliament, government, and police; we will create a second power structure next to it." Nobody among those in attendance doubted that early elections to the parliament are necessary. It was even established that the association would take part in the campaign under the name Committee for the Self-Defense of the Nation—the Polish Ticket. A draft appeal suggested that the collection of signatures under the demand to hold a referendum on holding elections earlier begin immediately. The referendum question would be: "Do you support the demand to immediately dissolve both chambers of parliament and schedule new elections in order to create a new arrangement of political forces which are capable of putting an end to the sellout of national wealth, the decay of the state and the economy, poverty, unemployment, and homelessness?" However, the draft appeal was not adopted. It was opposed, among others, by Mieczyslaw Janosz, who "as a nonpracticing lawyer" noted that the question should set forth right away who is entrusted with dissolving the parliament, preparing a new election law based on the principle of one seat per district, and calling elections. Of course, the Committee for the Defense of the Nation should resolve all of this. Mieczyslaw Janosz also suggested that a provision that would make it impossible for the representatives of ethnic minorities to govern the country be introduced in the election law through the "back door" rather than directly. "They have a right to seek other servitude to this nation, but they do not have a right to govern it." For his part, Professor Arkadiusz Goral suggested that journalists be obligated to not release the content of the appeal.

Representatives of "Motherland" stated as they were leaving the proceedings that "this movement will not get anywhere" since even an appeal could not be adopted at the first meeting.

*** Current Church-State Relations Evaluated**
93EP0134A Warsaw GAZETA WYBORCZA in Polish
20 Dec 92 pp 10-11

[Article by Roman Graczyk: "Regarding the Church: How To Protect the Neutrality of the State?"]

[Text] Prime Minister Hanna Suchocka, participating in a meeting of the Democratic Union in Poznan, warned everyone against a model of integration of Poland with the EC that would take away religion and the traditional values of the nation. Tadeusz Mazowiecki said at a meeting of the Democratic Union board that his party will not take any position on the antiabortion bill

because his party does not want a war with the church. Andrzej Wielowiejski said in an interview for *ZYCIE WARSZAWY*, referring to the statement made at the 258th Conference of the Polish Episcopate, in which the bishops refused members of parliament the moral right to vote against regulations on Christian values, "I am not surprised that anxiety is growing among church officials, considering the resistance to the educating mission of the church."

These are examples of statements made by moderate politicians. Is anyone trying to deprive the nation of its Catholic beliefs by force? Is voting for abortion rights equal to fighting against the church? What does voting against a section on Christian values in the bill on mass media have in common with antipathy toward the educating mission of the church?

Are we not sinking into some new unreality, this time non-Marxist?

Inasmuch as even serious politicians believe it is right to use a particular linguistic code, what can we expect from activists from Catholic Action or tens of other rather marginal parties?

Today, party meetings without a Holy Mass at the opening almost do not exist. There are no program declarations of new political groups without solid promises to respect Christian values in public life. These gestures are very common. We can see them more often today than three years ago, after the collapse of the communist regime.

Catholics on Duty and the People of the Church

Among those who declare very loudly the need to respect Christian values in public life, I would distinguish two categories: I call the first group "Catholics on duty" and the second "the people of the church."

What do the following gentlemen have in common: Ryszard Bender, former activist in the Polish Catholic Social Union, a licensed group of Catholics who eagerly cooperated with the communists; Stefan Niesiolowski, imprisoned in the 1970's for anticommunist activities in the anticommunist organization "RUCH"; and Jaroslaw Kaczynski, connected with the Workers Defense Committee before 1980? They are joined in treating religion as a tool in political battles. I do not look into the consciences of each of these politicians. Maybe they are authentic believers, convinced that, for higher moral reasons, it is necessary to vote against abortion and liquidate the separation of church and state. Maybe it is genuine, but, at the same time, religion, the church, and God himself are used by them to, for example, fight their political opponents.

It was with the help of the crucifix, a symbol of the suffering of Jesus Christ, that Senator Bender recently divided his political colleagues into better and worse Poles. Kaczynski, meanwhile, declared to the church his readiness, in the name of Center Accord, to fight the

threat from the supposedly antichurch Democratic Union. And, by comparing the religious criteria associated with anticommunist sympathies, Stefan Niesiolowski attempted to destroy his opponents, calling them "Catholefties." The cheap politics of their actions is clearly visible.

The group that I call the people of the church has nothing in common, in terms of ways of thinking, with the previous group. The people of the church are mostly secular Catholic activists, usually from the older generation, who not only actively participated in the changes of the Second Vatican Council, but also participated in the difficult struggles for survival during the communist era in Poland. Those people were for an open and modern church; at the same time, they showed strong character in defense of Polish Catholicism against the tactics of the totalitarian state. Only those circles stood with the Polish church when it was attacked by the Marxist (read atheistic) state, while other Catholic groups, like the Christian Social Association PAX or the Polish Catholic-Social Union, played an entirely different role. The people of the church really care about the church. They want the church to be personalistic and, at the same time, universal; a church that will understand our contemporary era; a church that will not lose its evangelical identity. That is exactly opposite to the Christian-National Union's model of a national church, an enemy to liberal democracy.

For the people of the church, life became extremely difficult after the collapse of communism. Integrism—the now-emerging face of Polish Catholicism that was unknown, perhaps deeply hidden—is for them an even harder challenge than the former Communist threat, to which they were able to stand up. Everything divides the people of the church from the Catholics on duty. But there is one thing both groups have in common: the declaration of the need to respect Christian values in public life. However, both groups, while using this same propaganda formula, do so in their own way.

The New Unreality

Poland today is a democratic country. And that is the main difference with the former People's Republic of Poland, which was a totalitarian state. But Polish democracy is sick. I am not going to list all of its afflictions, but one has to be mentioned here. Slowly, Poland is becoming a state with a certain theatricality in public life.

In Gierek's era and before, a condition of participation in public life was the declaration that one "stands on the grounds of socialism." The declaration was made in different ways by all people who wanted to exist publicly. There was no way to publish a good book on liberalism without an ideological preface attacking liberal ideas from the Marxist position. It was impossible to legally publish a newspaper without printing, from time to time, front-page editorials with high praise for the leading political system.

The breakthrough in Poland's intellectual situation was 1976, when the democratic opposition created a real sphere for public presence outside the system and its ideology. A further turning point was the formation of the Solidarity movement; later, after 13 December, it became a structure of an independent society. The sense of all these actions was obvious: to free ourselves from the ideological grip; to widen the zone of freedom; and, in the future, to build a state without a ruling ideology.

The collapse of communism came faster than anyone expected, but it was clearly visible that the new state could not deal with the role of guardian of freedom. The pressure on the state increases; demands that the state not play the role of a neutral arbiter but be on one side in the ideological battles multiply. The pressing institution is the church, and it is no surprise that the weak state gives in from time to time.

The sum of these concessions does not yet justify talk of the existence of a denominational state, though this is the direction of change. But, even today, as one can read in the surveys, the Polish people have started to notice the existence of the new ideological master. And this is a disaster for liberal democracy because there is no freedom without a free market of ideas.

The Church: A Problem One Cannot Ignore

The Catholic Church or, rather, the character of its presence in a democratic country is now and will long be one of the most important issues in Polish domestic politics. And there is no quick solution; the problem will not disappear by refusing to name it.

Among the adherents of the neutral state, there are two ways of thinking. One is represented by the liberals from the Liberal-Democratic Congress and the Democratic Union's liberal fraction; the second is represented by the people of the church. Both groups agree that a neutral state must, as a necessary element, include a Western type of modernism. The difference is in the language they use to describe Polish reality and in their tactics of public operation. The liberals believe that pressure on the state from the church cannot go unnoticed and must be named openly. The people of the church think that naming things will only harm the case, making antipathy toward democracy stronger among the church hierarchy. This problem seems to me to be crucial for the Polish democracy model, still being created, for its Constitution, for norms of social relationships, and for the dominant culture. Simply, without any exaggeration, it is crucial for the future of our country.

The position of the people of the church can be described as follows: It is better to give in than to make the church angry by being stubborn and, in this way, worsen the situation of the neutral state. This point of view does represent the defense of the idea of the neutral state itself.

Some Calculations

In the summer of 1990, the Mazowiecki government suddenly gave in to the church in the matter of the introduction of religion classes in public schools. Let us be reminded that this happened against the law on the educational system, then still in effect, which protected the secular status of public schools, and that the government (among others, Deputy Minister of Education Anna Radziwill) announced earlier that it will protect the secular status of public schools. During the months before the governmental decision was made, this was also the general position of liberal-Catholic circles.

I mention this already old story here because it has historical value: It is a model of the tactics of the church hierarchy; it shows the weakness of the state, the naivete of government politicians and, I dare say, the error in the calculations of the people of the church. The government declared at the beginning that public schools must stay beyond the influence of any religion. It is an open secret that the Mazowiecki team counted on the political sympathy, or at least the neutrality, of the church. The church, on the other hand, assured them that it only wants the opportunity to teach religion in schools and will respect the views and feelings of non-Catholics. The grades from religion classes were not to be included on report cards, and priests were not to participate in staff meetings.

Let us look at this calculation from two-and-a-half years ago and review it calmly. The state made its first departure from the principle of righteousness; it was not the last but the first in a series rightly named the "original sin" of legislation in the Third Republic. To say that Mazowiecki's political camp did not receive the church's political neutrality is to say diplomatically the terrible truth that the malevolence of the church is one of the main reasons for the subsequent political failures of the Democratic Union. On the other hand, the people of the church in the end decided, in accepting Mazowiecki's departure, that it would ultimately be advantageous for our "democracy under construction"—that, by satisfying the appetites of the church in a minor case, they will make church officials favorably inclined toward the new system, and the neutrality of the state will be strengthened.

The people of the church later had many opportunities to see how the first moderate declarations of the church became more radical.

The People of the Church Versus Church Policy

This scenario was repeated a few times: Every time it happened, moderate Catholics showed great reluctance to give things their true names. They tried to explain the motives of the church as if they assumed that the only goal of the church is concern for its pastoral mission and that this mission cannot be discussed. Their authentic involvement and concern for the church's good name led them sometimes to quite risky conclusions. Alexander Hall's judgment in *RZECZPOSPOLITA* (20 November

1992) that "in Poland there is no real threat of a *vision* (my emphasis—R.G.) of a theocratic state or a state under one ideology" seems to be very bold. This opinion, though quite controversial because such a 'vision' is dear to the heart of more than one Christian National Union activist or even bishop is not in conflict with the official position of the episcopate.

But things could be worse. For example, Adam Boniecki in TYGODNIK POWSZECHNY (15 November 1992) wrote: "It has become a habit to present the church's point of view in a ludicrous way (for example, saying that the church demands punishment for women who have abortions, which is not true)." In this case, we come to an open contradiction with the church's real behind-the-scenes involvement in the case of penalization of abortion. How can one differently interpret the active participation of Father Kazimierz Kurek, the episcopate's representative, in the work of the Sejm extraordinary commission, preparing a project of just such an antiabortion bill? How can one differently understand SLOWO BISKUPOW of 27 November, in which they write: "We ask for perseverance and courage for those members of parliament who seek legal protection for the life of every conceived child," without any precision, when SLOWO was edited a few days after the acceptance of an extremely restrictive version of the antiabortion bill, including the penalization of women? How, finally, can one understand differently the primate's answer to a question on the penalization of abortion, in which he said: "For every law to be executable, there must be penalty," and added that, toward women, "the penalty should possibly be reduced to zero?"

The people of the church protect the model of the open church so dear to them. They cherish their dream about such a church through the idealization of reality. One can assume that, by presenting such an embellished vision of the church, they also make some offer to church officials, as follows: The church in the future will be forced to accept democracy; it is better to do it sooner than later retreat from lost ground. This way they throw a life preserver to the church.

I do not oppose such tactics. In public life, especially in politics, one cannot escape such practices. Sometimes it implies omitting the truth or not saying everything: One can accept that if, by doing this, we protect higher values. In the minds of the people of the church, concessions in minor matters were to ensure that the church be more restrained toward the idea of a neutral state. This did not happen. Except for the case of the Oswiecim Carmelites, nontypical because leading authorities of the Universal Church were also involved, the throwing of the life preserver was taken as acceptance of all of the church's goals, even those unspoken.

Those who remember the discussion of the Senate's project for an antiabortion bill in 1990 and 1991 know that the church was, until one certain moment, officially against the penalization of women for abortion. The church insisted that it wanted protection of life but not

penalization. The Polish Episcopate's Commission for Family Affairs supported the Senate's project (TYGODNIK POWSZECHNY, 24 November 1991), in which penalization was not mentioned. For the people of the church, it was a significant moment, which allowed them to support with a clear conscience the effort to introduce legal prohibition of abortion. As Catholics, they were of course against abortion itself. As people who understand a state as a common value for all of its citizens, they were against the punishment of women. That was 1990-91. And later? Later, with notable influence of the church, a national-Catholic majority was chosen to the Sejm and agreed to a much more restrictive antiabortion project, including the penalization of women, and not excluding prohibition of abortion in cases when the pregnancy is the result of a crime. This project was inconsistent and unjust because it also allowed the punishment of those women who performed abortions on themselves—that is, poorer women.

Failure of a Certain Method

The behavior of the people of the church was understandable: We support the church in the case of abortion, persuading the church of nonpenalization, of which the church itself was not completely certain. Our mission, the people of the church were saying, is to make the bishops realize that legal penalization would become a drama in this society. If we succeed, we will be able to cut the number of abortions, and, at the same time, we will preserve the country from dramatic segregation.

They did not succeed, as with the failure of the earlier prohibition of electoral agitation in places of religious worship because the church, despite its assurances, used its temples for such performances as Bishop Michalik's famous sermon that "a Catholic should vote for a Catholic"; as with the case of the religion classes in public schools, when, again despite assurances, religion grades are on report cards, and the priests participate in staff meetings, even if they do not have pedagogical training.

These are the facts. Who will believe today in assurances of the church's restraint when it gets the abolition of the constitutional paragraph on the separation of church and state?

Three Roads

A discussion is going on about the form of Poland. In this discussion, it is crucial to find for the church such a role in the state so that it could develop freely an essential part of its mission—the pastorate—and so that it respects the autonomy of earthly realities, as recommended by the Second Vatican Council.

There is the path proposed by the Catholics on duty, which serves neither the interests of Poland nor those of the church, but only party interests. The final consequence of such subordination of religious affairs to the

affairs of ideology is presented by a scene when a group of skinheads shouts: "Jesus Christ is King," with Hitler's salute.

There is the path proposed by the people of the church, people honest and faithful. But their way, in the light of experiences of the past three years, turned out to be fruitless, at least as far as its fundamental element is the attempt to convince the church to accept liberalism.

There is, finally, the liberal, or rather secular, path, which does not exclude believers. This option appears to be doomed to fail because it was disapproved by the church as a critique from outside, which, in the mouths of many bishops sounds like a sentence; people of the church accused that approach of apprehending the church only in its earthly, sociological frame. That is unjust. The church has, along with the transcendental dimension, another dimension, an earthly dimension. The second of these, not Jesus Christ, is in conflict with democracy. Western experiences are here important evidence, but even our problem of how to unite the church and democracy seem to prove this. A liberal state, a state that guards the freedom of its citizens and that does not decide where the truth is, seems to be the best foundation for the values close to each and every person—for strictly religious values, as well. God really does not need to be lost within the colorful but sinful temporality of the liberal world.

But, before we are convinced, we will experience many disappointments due to the sad results of evangelicalism from on high. Democracies are not easily born.

* Program To Revive Rural, Outlying Regions

93EP0140A Warsaw RZECZPOSPOLITA in Polish
23 Dec 92 p 2

[Article by Renata Wrobel: "The Forgotten Regions"]

[Text] Prof. Michal Kulesza, commissioner of the government for the issues of the reform of public administration, believes: "Provinces account for one-half of Poland. The success of reforms will hinge on what happens there." The program "Polish Provinces" is supposed to facilitate changes in the standard of civilization in villages and small towns. It was resolved to set this program in motion in November, at a meeting in Dabrowa Gornicza. UMP [Union of Polish Towns] was the initiator and sponsor of this undertaking; the City Institute is responsible for the substantive aspect. Journalists were informed about the progress of work at a press conference on Tuesday.

Provinces Without Inferiority

UMP, which was registered in March 1991, consists of about 50 localities. UMP announced the development of the program "Provinces," geared primarily toward supporting entrepreneurship, agriculture, processing industries, communications, trade, and services, as early as in its program declaration in April 1991.

The originators of the program note that intertwined complexes of "superiority with regard to provinces" and "inferiority with regard to the capital" as powerful as those in Poland hardly occur anywhere else. This is an adverse influence on Polish institutional and economic reforms that are being implemented on the ministerial pattern (ministries establishing their agencies "in the field") rather than on the territorial pattern (whereby issues from the jurisdiction of a local authority are entrusted to the latter in their entirety).

Rebuilding the "Poland of Powiats"

Everyone involved in the program agrees: It is necessary to better the "Poland of powiats," which, despite the unfortunate 1975 reform, has not disappeared. As early as in its declaration of last year, UMP stated the restoration of "powiat unions of gminas" as a main goal.

There are many supporters of this thesis. However, as Professor Kulesza stresses, no decision has yet been made. In early January, a deputy-sponsored draft law on powiat self-government is to be considered by the Sejm. The government commissioner maintains: "The passage of the law by the parliament will amount to an expression of the political will to implement the reform, and only then will we be able to take further steps." He sees powiats as, among other things, a developmental opportunity for 300 cities, towns, and villages in Polish provinces, and entire areas for which these localities are centers.

Holding Company for Initiatives

Participants in the November meeting—individuals and organizations involved in the program "Polish Provinces"—agree that a "holding company for initiatives" should be established. The Adenauer Foundation already participates in it. Next month, the foundation will publish in Poland a textbook on self-government law with commentaries, with assistance from the organization "Ius Europae." The textbook will be published in the form of a loose-leaf binder, which is popular in the West. This is not all the foundation is planning. Dr. Goesta Thieme, the director of the foundation, said: "We are prepared to support Poland in decentralization and in getting all citizens involved in order for a recovery in the 'forgotten regions' to occur and reforms to grow stronger because of this."

The Foundation for Economic and Social Initiatives and the Cooperation Fund—Foundation of the State Treasury, formed in 1990 to manage Western financial assistance—have also joined the "holding company for initiatives." A program for restructuring and privatizing municipal enterprises operates within the framework of the Cooperation Fund. It assists gminas (few of them so far) in developing drafts for transformations and offers training.

A Schedule Will Be Developed

Concepts of the most urgent undertakings were put together at the meeting in Dabrowa. They are now being developed. A synthesis of these concepts will provide the basis for devising a "schedule of tasks." It is already known that it will cover the issues of farmers and agricultural-processing industries; recession and unemployment; local financial institutions—banks, funds, and credit unions; small and medium-size enterprises; and the economic development of border areas.

* Problems of Weapons Theft From Army Discussed

93EP0135A Warsaw PRZEGLAD WOJSK
LADOWYCH in Polish No 10, Oct 92 pp 85-87

[Article by Captain Artur Bednarski: "Attempts To Obtain Weapons From the Army," under the rubric "Education—Discipline"]

[Text] In the years 1990-91, 115 weapons disappeared from the military. Of these, 103 were recovered, thanks to efficient actions of the military police. Intensive efforts to recover the remainder continue. But there is no way of telling whether the missing weapons are in the hands of collectors or professional killers. Will innocent people die, and how many?

The press increasingly reports on crimes committed with the aid of firearms. Police statistics ring the tocsin. There is a growing fear among the public; the criminals do not confine themselves to terrorizing their intended victims, and they often shoot without warning. More and more often death is the lot of not only the victims of aggression but also eyewitnesses or random passersby. Criminals are becoming increasingly ruthless, and the law enforcement agencies spread their hands helplessly, because, given the huge influx of tourists, they are no longer able to control the penetration of weapons into the black market.

Factors adversely affecting this situation include:

- The rising demand of our citizens for weapons, due to the marked increase in crime.
- The ongoing, in recent years, liberalization of the regulations governing the acquisition and ownership of weapons.
- The extensive influx of foreign weapons to our black market (especially from the areas of the former USSR and from Germany).

As a result, illegal acquisition of weapons is not a big problem. What is more, the demand for weapons among criminals is steadily rising, and their attention is getting focused on the military as an eventual source of procurement. In view of the availability of weapons on the black market, this attention of the criminal underworld can only be explained by its belief in the relatively easy access to weapons from the military. Thus, assaults of

sentries are growing in numbers, along with pilferage and proposals to buy weapons, and the weapons thus acquired are used for purposes of armed robbery. For example, a weapon stolen from WITU (Military Institute of Weapon Systems Technology) in Zielonka was used to shoot a taxi driver, and a pistol pilfered from one of the units of the Silesian Military District was used in an armed robbery of a currency-exchange store in Gliwice.

The military police treat weapon searches as a priority task, and the fact that 90 percent of weapons are recovered points to the effectiveness of these searches. The intensity with which the remaining weapons are being sought, as well as the tenacity, consistency, and personal commitment of the investigating personnel of military police appear to ensure a successful conclusion of further activities. But it should be emphasized that cases of this kind are particularly complicated, and their solution often takes months or even years.

It is worth noting that while weapons searches lie within the purview of military police (for experience shows that clandestine attempts to find lost weapons conducted by unit cadres hardly ever are productive), theft prevention is a fundamental obligation of the professional cadre, and especially of the command cadre at all levels.

The purpose of the present article is to describe (on the basis of selected events that took place in the last two years within the military) the most typical operating procedures followed by perpetrators of crimes of this kind and the consequences of failure to adhere to the regulations governing the storage of weapons and the performance of guard service.

The present article deliberately overlooks the problem of burglaries of armories or premises in which weapons are stored; that subject has been considered in detail in an article by Col. Andrzej Stefanski in PRZEGLAD WOJSK LADOWYCH, No. 6, 1992, p. 88, which also contains practical comments and advice on preventing crime of that nature.

The worst consequences, because they often involve bodily injuries, stem from assaults of sentries with the purpose of procuring weapons. Statistics show that the victims are most often servicemen on guard duty at readily accessible sites (particularly in the larger cities) and at outside sentry posts in front of entrance and exit gates, entrances to military buildings, protected facilities, or facilities outside the military unit). In such situations the sentries in direct contact with passersby cannot anticipate the danger that may come from an approaching person. When assaulted, the surprised sentry is unable to react properly or to use his weapon in the regulation manner. As a result, his resistance is negligible and the assailant has a good chance of seizing the weapon. Here emphasis should be placed on the fairly often encountered lack of alertness shown by sentries, who, contrary to regulations, just before being assaulted, converse with the assailants, smoke cigarettes with them, or provide them with information. Below are

two most typical examples of events that have recently been occurring in our armed forces.

—In Warsaw last March, at about 0200 hours, a soldier on guard duty was approached by two males who, upon terrorizing him with a gas weapon, took his AK automatic rifle and a magazine containing 30 bullets.

—In Gorzow Wielkopolski last May, at about 0500 hours, a sentry was assaulted by an unidentified individual who tried to seize his AK rifle with the aid of a hand-held gas gun and escaped when his attempt failed.

Emboldened criminals increasingly often penetrate military unit areas in order to attack sentries guarding internal facilities. The cases cited below may serve as schoolbook examples of the operating procedures of the assailants.

—In April on the area of a unit of the Silesian Military District, while a guard was marching along a barracks road, two men ran out of a nearby truck container and, using a hand-held gas gun, they felled him. During the struggle the guard held his weapon under his chest, which enabled him to release the safety catch, reload, and fire a shot, which caused the criminals to run away.

—In May, at a unit of the Warsaw Military District, a guard turned back a trespasser from a protected area. A few minutes later the trespasser assaulted him, seized his weapon and, aiming it at him, ordered him to march in the direction of the unit's gate. While led under the gun, the guard exploited momentary inattention of the assailant to hurl himself at him and recover the weapon. The assailant escaped.

—In July, a sentry guarding a facility at a unit of the Silesian Military District noticed a male approaching him from a distance of 10 meters. Upon ordering the intruder to halt he was suddenly attacked by another intruder and felled to the ground. Repeated attempts to seize his weapon failed. During the struggle the guard struck one of the assailants and subsequently alerted the watch commander by shouting, which scared off the assailants.

There occur cases in which criminals emboldened by successful attempts to seize a weapon in the area of a military unit after a while renew their attempts in the same area. One example is the successful seizure of a weapon in the area of a WLOP [Air Force and Air Defense Troops], during which robbers felled a guard by means of gas and by kicking him in the face, whereupon they seized his AK rifle and 30 bullets. Four months later another attempt to obtain a weapon took place in the area of the same unit, but this time fortunately it failed. In this case as well the guard was felled to the ground by a blow in the face, whereupon attempts were made to

wrest his weapon. Upon falling the guard clung tenaciously to his weapon, and this prompted the assailants to escape. He fired two shots in their direction as they were running away.

There also occur instances—fortunately not endemic—of assaults by soldiers serving in a given unit or soldiers previously transferred to the reserves. Such assailants have the advantage of familiarity with the terrain and with the customs of soldiers on guard duty (such as gathering to smoke cigarettes, dozing on the watch, remaining during change of guard in premises adjacent to the guard post, and so forth). Knowledge of such habits is exploited by the assailants, enabling them to approach without being detected and to strike at the most convenient spot.

It should be emphasized, however, that the resolute attitude of the assaulted guards in most cases prevents the assailants from succeeding, and often also it contributes to their immediate seizure. For example, consider the following two cases:

—In April in the area of a unit of the Warsaw Military District, an intruder assaulted a sentry guarding the armory and tried to rip an AK rifle off from his arm, but, having failed, he escaped. The assaulted guard immediately notified the watch commander, who dispatched a patrol that detained the assailant, subsequently identified as a soldier belonging to that very unit.

—In the same month, the garage of a unit of the Pomeranian Military District was entered by an inebriated young man who assaulted the serviceman on duty there. Beating and kicking his victim and threatening to use a knife and set the building on fire, the assailant demanded to be given a weapon or shown where it was being kept. During the ensuing struggle the serviceman on duty succeeded in getting away and notifying the watch commander. Steps taken by military police resulted in seizure of the assailant, who turned out to be a soldier from an adjacent unit who had recently been transferred to reserve status.

But it is assaults due to improper performance of guard duty that are the most reprehensible. For that is how an assault of a sentry at a unit of the Pomeranian Military District should be regarded; when two males who claimed to have lost their keys asked him to let them into the guarded area, the sentry admitted one of them. Once both found themselves inside (the other assailant most likely climbed a fence), they attacked the sentry with a hand-held gas gun. Thanks to his sangfroid and a remnant of common sense, the sentry fired several shots in the direction of the assailants, which caused them to flee. One assailant was detained by a passerby and the other detained at his home, with a bullet wound in his leg. In this case the sentry invited the attack by his behavior, as it were. Fortunately, such cases occur very rarely.

On analyzing the cases described above it can be seen that in most cases the sentries refrain from using their

weapons out of fear of legal consequences. Only if the assault actually takes place they fire at the fleeing attacker, more as a reflex action than as a deliberate one at that. This is probably due to the way in which they are trained, that is, instead of being instructed about their right to use weapons, they are told chiefly about the consequences of such use. I realize that this comment may somewhat upset the professional military. But consider what questions we ask of sentries during their training and when assigning them to guard duty. We require them chiefly to show familiarity with Subpoint 1 of Point 186 of the Manual of Guard Service Rules, and if a sentry omits even one word, he is ordered to recite the entire subpoint all over again. In effect the soldier mechanically recites the formulaic rules without really considering their meaning. Consider Subpoint 3 of Point 186, which ends with the phrase, "...if it is possible." In these four words lies the basic meaning of the entire Point 186, because Subpoints 1 and 2 deal with hypothetical or fortuitous situations, since no miscreant would in reality approach a sentry from a sufficient distance to enable the latter to issue all the warnings, inclusive of a warning shot. A real assault usually takes a few seconds, and these are the moments decisive to the loss of life or of weapon. A sentry should be aware that he was given a weapon in order to use it in the event of a danger while on guard duty. Those who think otherwise should just try and stand guard and ward off with the aid of a rifle butt an assault by two or three knife-wielding men. But this does not mean that I am in favor of shooting at—to use troop slang—anything that moves. What I mean is that a sentry, when assuming guard duty, should be aware of both his obligations and his rights, so that, when assaulted, he would not be racked by doubts about using his weapon and his fear of personal consequences would not outweigh fear of the consequences of the attack to the unit.

I also do not mean to claim that the above-described approach to instructing sentries is widespread in our armed forces and applies to the entire professional cadre. But I believe that practices of this kind, followed by certain career soldiers, are conducive to loss of weapons. It also is perplexing that guards do not repel attacks by means of their weapons (that is, when using them is quite justified) and often begin firing only after the attackers escape, that is, in situations which often can be defined as inconsonant with the right to use a weapon. Such conduct should be ascribed to the emotional condition in which a young man finds himself when assaulted. It seems to me that precisely such behavior should be discussed in detail in instructions for sentries.

It would be a mistake to contend that the problem lies entirely in the approach to instruction. It is a fact that the manuals of rules on which the training is based are, despite their continual revisions, obsolete. They date back to the 1970's, when dangers such as those at present did not yet exist. It seems to me that it is time to update them again, in a language that should protect the sentry's personal security and maximize the effectiveness of

protection of the facilities being guarded. The updated rules should specifically present the legal basis for the use of weapons by sentries and make allowances for the actual perils to which a soldier guarding military property is exposed. The current laws governing the use of weapons are biased against law enforcers and guards. This is proved by many examples, and the rules for using a weapon are a hotly disputed topic, especially whenever a law enforcer or a random passerby becomes the victim of an assault with intent to rob. Unfortunately, the issue becomes once again ignored as soon as the particular cases become forgotten.

The factors conducive to assaults of sentries also include:

- Conscription for military service of young people with criminal records (often after they have served sentences in jail).
- Service by soldiers native to the environs in which a unit is stationed, when they have links to the local criminal underworld, which makes it fairly easy for them to sell pilfered weapons (or other property).
- The cutbacks in the numbers of military personnel are unfortunately not accompanied by a decrease in the tasks facing the leaner military. This results in, among other things, more frequent guard duties and other chores and hence also in greater exhaustion and discouragement of servicemen.
- The liberalization of regulations governing classified military information has not resulted in any major changes as regards the guarding of military facilities. As a result, armed soldiers protect facilities which could be effectively protected by an orderly or even by a civilian watchman.

Attempts to obtain military weapons mean not only assaults of sentries. Recently there has been recorded a growing number of attempts to get soldiers to sell weapons or means of combat simulation. It is worth noting, however, that in the years 1990-91 these attempts have been largely unsuccessful, and the soldiers themselves for the most part turned in the individuals who made them. Below the most characteristic instances of this kind are described.

- A soldier standing guard duty at a unit of the Silesian Military District was approached by two males who asked him to sell them ammunition. Upon his firm refusal both men drove away, and the soldier immediately notified his superior, who in turn notified the military police. Jointly with the civilian police the military police reacted immediately and detained two suspects, whom the sentry identified. The offenders proved to be two recidivists well known to the police and a pistol and numerous burglary tools were found in their car.

At another unit of the Silesian Military District a sentry was approached by two men who tried to persuade him to sell them an AK rifle, 50 bullets, and a camouflage

uniform. On being refused, the men went away but said they would be back. The military police were notified, and 30 minutes later they detained two teenagers carrying a gun holster, a loaded gun, and handcuffs. Both admitted trying to get the sentry to agree to the sale, but claimed that they were just kidding.

At yet another unit in the same military district as many as two of the following cases were recorded within a brief period of time:

- A young man tried to buy an AK rifle from a sentry but, when threatened with a weapon, he went away. An hour later he was detained by Russian soldiers, to whom he had made a similar proposal.
- Two men tried to persuade a sentry to sell explosives. Both suspects fled on seeing the sentry react negatively and several soldiers approach at random. Military police took steps that led to identifying the suspects.

Equally efficient were the security personnel at the Higher Officer School of Military Engineering, who detained a man trying to buy signal flares from soldiers. A search of the offender's home revealed squibs, grenade casings, and training fuses. The detainee declared that he had bought them from soldiers.

This example demonstrates that not all transactions of this kind are detected by the military agencies of law enforcement. I wish that soldiers who sell such weaponry would consider the uses to which the buyers might want to put it. It could be that the very soldier who had sold his weapon would fall victim to his own enterprise when returning home with a girlfriend from a discotheque. As for those who disregard such warnings, let me cite the following from the Penal Code: "A soldier who willfully disposes of his weapon or other means of combat is liable for the penalty of imprisonment for six months to five years."

A significant quantity of weapons also reaches the criminal underworld fortuitously, as when a thief's loot includes bags, handbags, or clothing in which the victims keep their weapons. Below are the most typical cases:

- In Warsaw in April, a career soldier dozed off at a bus stop and when he woke up he found his briefcase missing; it contained, among other things, a personal handgun with ammunition.
- In January, a bag containing a personal handgun was stolen from another career soldier in a Warsaw trolley.
- Last year, in September, an officer left in the buffet room of the garrison lounge a bag containing a P-64 pistol with ammunition. When he came back for the bag, it was not there. Searches by military-police investigators turned out the weapon in the home of a drunken recidivist. An examination of the pistol revealed that it was fired several times during the 24 hours that it had been stolen.

—In January, in addition to personal belongings stolen from a car parked on a Warsaw street, a weapon belonging to the car's owner also had disappeared.

—A career soldier from another garrison, while traveling on a train, carried his weapon in a travel bag. On returning from the lavatory he found the bag missing.

The above examples point to the exceptional carelessness and inability of the victims to anticipate theft. This is all the more surprising since they all were career soldiers, that is, persons trained from the first days of service to take special care of their weapons and to be aware of the consequences of their loss. I realize that in these parlous times there exist situations when owning a weapon creates a feeling of security. But it should be borne in mind that in improper hands the same weapon will become a death-dealing instrument and for this reason it should be protected with special care. It also is worth noting that carrying a weapon in bags or outer packs largely counteracts its defensive potential (especially when the criminal's purpose is to steal the bag or pack). In military supply stores one can buy all kinds of shoulder and hip holsters for the safe carriage of a weapon on one's own body, which enable the wearer to use them immediately. Such a manner of carrying weapons at the same time precludes the possibility of their loss.

Then there was the behavior of a career soldier from a Pomeranian Military District unit, which was the height of carelessness. Before departing on a service trip he collected a weapon from the unit's armory, left for the town with a colleague, and had drinks at several places. A few hours later he was found with contusions to his face and without his gun. The military police were notified and, in cooperation with the local police, they detained a man at whose home they found the missing gun.

To sum up, the growing demand of the criminal underworld for weapons means that increasingly frequent attempts will be made to get them from the military. This demands of the entire career military taking special preventive measures with the intent of, if not entirely eliminating these occurrences (which would be hardly realistic), at least reducing them to a minimum.

The examples presented above demonstrate that many such occurrences could have been avoided by obeying the regulations in force and especially by using common sense. I would say to soldiers who passively approach such problems, "If you do not stop it, at least do not make it any easier for the assailant."

Note: While this article was being written, some of the events described were still in the investigative stage. In this connection, their course may have been somewhat different.

*** Main Economic Goals of Government Outlined**

93EP0160A Warsaw *PRAWO I ZYCIE* in Polish No 3,
16 Jan 93 p 7

[Interview with Henryk Goryszewski, deputy prime minister and chairman of the Economic Committee in the Council of Ministers, by Zdzislaw Zaryczny; place and date not given: "Concerning Something Very Subjective"]

[Text] [Zaryczny] Two or three years ago the question of who was steering the Polish economy was simple: Leszek Balcerowicz. What about the present? Could we say Henryk Goryszewski?

[Goryszewski] I do not pretend to the name of the helmsman. The basic decisions on the economy are nowadays taken by a trio: Minister of Finance Mr. Osiatynski, Director of the CUP [Central Planning Office] Mr. Kropiwnicki, and myself. I have to add, moreover, that in the last few months the role of the Minister of Industry Mr. Niewiarowski has become quite prominent; he may not attend to any "manual" fine-tuning of enterprises but he is solving the problems of the strategic outline of the Polish industry and its restructuring. I believe that in general the model I discussed in the Sejm during the presentation of the government of Ms. Prime Minister Suchocka is proving true: The deputy minister for economic affairs [Goryszewski] is the coordinator harmonizing and invigorating the activities of the economic ministries. But he is not an economic czar, especially in view of the current form of the governing coalition.

[Zaryczny] It may be that precisely this arrangement and the attendant need to continually reach compromises is causing the government to be continually on the defensive. The government has failed to exploit the opportunity to accelerate reform, which arose after the failure of the strikes in the summer of 1992. It has become entangled in endless negotiations concerning the Pact on the State Enterprises, and, following the latest wave of strikes, it was practically forced to retreat.

[Goryszewski] I view this differently. The government has not so far lost in response to any strike, although it has not won any either. But then if it had attempted to win in the situation that arose following the end of the strike at the FSM [Tychy Passenger Car Factory], that could have led to a head-to-head confrontation with all the trade unions. As for the Pact on the State Enterprises, which the Liberals are criticizing for "socializing the Polish economy," essentially that is an attempt to reach a social consensus on rapid privatization and on the mass conversion of state enterprises into single-person Treasury partnerships. Then plant relations would change; both the management and the trade unions would behave differently.

[Zaryczny] For the time being nothing has changed. The leaders of the coal miners' trade unions are proclaiming, "Our role is to undertake the struggle and win it," or

more bluntly, "Meet our demands or you will freeze." To be sure, the coal miners have suspended their strike, but tomorrow the metalworkers may strike, or Lodz [textile workers], or Walbrzych, etc., may strike. Will the government keep on making concessions?

[Goryszewski] It is not that the miners won and the government again retreated. It seems to me that that clash ended in a stalemate. For the first time, after all, someone declared plainly, "If the strike continues, we shall import coal and stop coal exports"—and the Council of Ministers did indeed stop these exports, if only for a short period of time.

[Zaryczny] What next? What will be the government's position as the demand and strike spirals get unwound?

[Goryszewski] A general strike is hardly likely, but we shall be dealing with creeping industrial strikes confined to individual subsectors and plants. That shall of a certainty last for a few months, until the realization that things are getting better in this country becomes widespread. We have to bear up calmly in the meantime and keep negotiating—precisely in order to alleviate conflicts and avert situations such as had been threatened by the coal strike. Aside from everything else, consider that the curtailment of energy supplies for industry could nullify our chances for the first year of genuine economic growth.

[Zaryczny] So you believe that 1993 will indeed be such a year, do not you?

[Goryszewski] Yes, I expect that growth to exceed the 2.5-percent rate cautiously predicted by the CUP. Here I take into consideration the extremely good year-end results, for in December 1992 output was more than 10 percent higher than a year ago. Similarly, inflation was somewhat lower, probably by a point or two, and the budget deficit was 12.5 trillion zlotys fewer than anticipated. It may be that in 1993 we shall even reach an output growth rate of 4 percent.

[Zaryczny] Can you offer any other rationale in addition to optimism?

[Goryszewski] I count on the effectiveness of the 6-percent import tax, which should act as a barrier protecting our economy against inundation by foreign merchandise while at the same time promoting Polish exports. I also count on added investment capital—on that 2 trillion zlotys which, after weeks of arduous negotiations, the NBP [National Bank of Poland] management agreed to assign in the form of preferential credits allocated for potentially successful investment projects. Of major importance also is the fact that the West is beginning to believe that Poland is becoming more successful than any other country in the East, and that the worst is over for our country. Lastly, I count on the positive effect of enterprise debt relief measures and on the multiplier effect, so to speak, of the ongoing privatization. In 1992 a definite turning point took place: By now the private sector accounts for more than

50 percent of the total national employment and in 1993 it is certain to generate more than 50 percent of the GDP. These trends are already irreversible, and they are prompting an ever more rapid rate of economic growth.

[Zaryczny] How would you encourage Polish capital to be still more expansive?

[Goryszewski] I would like the plowing back of profits to be promoted. To be sure, Ministry of Finance officials argue that investment tax credit is not a good idea, because it disrupts tax discipline too much; in their opinion, shortening the amortization period would be much more effective. But politicians, managers of the economy, have to take into consideration the expectations and interests of the society. It is no accident that mention is being made of self-fulfilling prophecies, which illustrate best the huge influence of something as highly subjective and nonmeasurable as social response and hopes on the economy and on the market. Thus if a majority of Polish businessmen believe that tax relief is the best cure, this risk has to be courageously taken.

[Zaryczny] If enterprise debt relief measures begin to produce positive results, if that 2 trillion zlotys from the NBP spurs investment, if investment tax credit is provided, and so forth, where do you expect the first successes to appear?

[Goryszewski] Barely a year ago it had seemed to me that the spur to our economy would be provided by such processing industries as the textile, leather, and other industries requiring relatively small outlays to create new jobs. But it has turned out that the greatest economic stimulus can be provided by the metals industry, which can be attributed to, among other things, international cooperation. Knock on wood, but it seems to me that it is precisely certain subsectors of this high-grade processing industry, which require an extensive network of supplier plants, that can become the "locomotive" pulling our entire economy.

[Zaryczny] The "Assumptions of Socioeconomic Policy" name three fundamental goals to be pursued by the government in 1993. The first of these goals is promoting the demand for domestic products; will this mean greater state interventionism?

[Goryszewski] I would rather refrain from defining where the state's role in the economy begins and where it ends. I think that it should be chiefly reflected in appropriate tax, credit, and customs policies, and in promoting ownership transformations. These are the domains in which the state can and should promote the growth of the nation's economy. Of course, on adhering to the reasonable principle that there should be as much freedom as possible and only as much state intervention as absolutely necessary.

[Zaryczny] You are the politician most often mentioned in the Polish press. Just as often, however, you are called a xenophobe and a champion of Polish economic autarky....

[Goryszewski] I am no xenophobe. It is simply that such is my reaction to the behavior of certain politicians who claim that Poland should join the EC as soon as possible and on any condition at that. I contend something different: First let us consider whether we can afford it. The way things are now it looks like Poles, if they have the money, will buy [German] Grundig tape recorders while the Kasprzak [Polish electronics plant] has just commenced the production of plastic flowerpots. I fear that these plastic flowerpots may become the symbol of our presence in the EC. In discussions of this topic I also refer to the economic strategy pursued by Spain in the late 1960's and early 1970's, which should in no way be linked to General Franco personally but to groups of technocrats which just then appeared in the Spanish economy and collectively formulated the doctrine of tightening the border and spurring demand for domestic products while at the same time opening the country to foreign investment. Such an orientation of economic policy would prove highly useful to Poland as well.

[Zaryczny] Perhaps by resorting to decrees with the force of law, for which the government is at present asking the Sejm?

[Goryszewski] I admit that I am a supporter of decrees, but I believe that they should be resorted to very moderately and only in the economic domain. Since discussions of the limits of that moderation are continuing, I shall not expatiate on this topic.

[Zaryczny] But this is an unusually important issue, because the survival of the government of Ms. Prime Minister Suchocka hinges on the success of its economic policy.

[Goryszewski] True. It is not ideology, nor even foreign policy, but the economy that will prove decisive. We learn from the experience of the West European democracies that a change of the political watch takes place as a rule when the public ceases to believe that a given government or governing coalition is pursuing a sensible economic policy. And conversely, economic success always affords the opportunity to win elections.

[Zaryczny] In your opinion, what economic program is more realistic for this country?

[Goryszewski] I firmly believe that the economic policy of the government of Ms. Prime Minister Suchocka will prove superior to the programs being proposed as alternatives. Of course, allowance has to be made for various dangers, such as another wave of strikes or dissension within the governing coalition. But if such "reefs" do not appear, or if they can be navigated, success is our destination. Of course, this will be very difficult. We are barely emerging from a recession, and signs of improvement are spreading quite slowly. I think that by the end of 1993 the outlook for greater political popularity of the parties forming the governing coalition will not firm as yet, but if we survive until 1994 and score economic successes, we all shall gain politically.

[Zaryczny] Thank you for the interview.

*** Results of 3 Years of Economic Reform Assessed**

93EP0134B Warsaw GAZETA WYBORCZA in Polish
19-20 Dec 92 p 14

[Article by Danuta Zagrodzka: "On the Other Side of the Rubicon"]

[Text] After three years of building capitalism, Poland is a different country. Is it a better one? An objective evaluation seems to be almost impossible: There is no Sevres model according to which one could measure it. Someone is always trying to compare us to postwar Germany, Spain, or Mexico. All for nothing.

The changes in the postcommunist countries are unique. Economic structure is one of a kind in these countries: There is a well-developed, gigantic state industry and a lack of both small, efficient private companies and the institutions that are the foundations of capitalism: banks, stock markets, insurance companies, economic legislation, including clear ownership rights. In addition to all of this, we decided to build democracy and capitalism at the same time.

It Is Better To Hold Onto Democracy

In history, democracy usually was the crowning of an already well-functioning market economy. According to Leszek Balcerowicz, capitalism can exist without democracy, but democracy cannot exist without capitalism. He spoke about this at the first meeting of the Economic Education Fund. Weak democracy, from his point of view, is a constant threat to a market system just being formed. It can halt the changes because it is susceptible to group pressures, which multiply in an immature political system. In this case, an enlightened autocratic power with a procapitalist attitude could be better. But life shows that one can ever know into whose autocratic hands one can fall. It is better then to hold onto democracy, but we have to remember that misusing it for the economy's sake can be deadly for democracy itself.

What may be most important is that, in postcommunist countries, there are no attitudes of the sort that were formed over many years in societies we so much admire. These include frugality, hard work, trust, patience in climbing the career ladder, and, finally, a merchant's honesty. Instead of these, we have "learned helplessness" and waiting for help from others; pretenses toward the whole world and a bad attitude toward work; trickiness, and a morality heavily impaired by communist mafialike connections and postcommunist destabilization.

Every reforming country has some ballast that makes the changes difficult, but ours is an especially heavy mixture of spirit and matter. Classic economic tools often do not hit the target.

Fortunately, there have been two recent competent analyses, independent of the government, of the situation of our reforming economy. They can help in discerning how it really is with us.

One outside analysis was done by the OECD, which includes 24 of the world's most developed countries; its reports are considered to be reliable and objective. The OECD prepared a report on Poland for the first time. The second analysis is from inside: It was prepared by the Central Office of Statistics and the Polish Academy of Sciences.

We Succeeded in What Was Easier

Both reports agree on what in the past three years in Poland can be considered a success. Among the successes are the freedom of economic activity; the liberalization of prices, making prices similar to world prices; the transformation of the zloty into a real currency; opening Poland's economy to the world; the growing private sector; halting hyperinflation; and the systematic decrease of the inflation rate. Both reports also note that managing the transition period is extremely difficult because it brings many contradictions and dangers; moreover, the classic macroeconomic tools do not prove to be as useful as in mature market economies. They can even bring effects entirely different from those intended.

For example, a high inflation rate does not stop enterprises from accepting credits because they are convinced that they will not pay them back anyway—because this has always worked so far. Also, a high tax on wages does not discourage them from raising salaries because they count on not paying the tax. This happened last year, but the sad effects of this habitual behavior—enormous enterprise indebtedness—last until this day.

The Polish report goes even further, saying that Balcerowicz's macroeconomic policy often did not agree with Polish realities because state enterprises reacted differently from what was expected, and there was no institution that would execute this policy.

Poland succeeded in doing things that were relatively easy—stabilizing the economy and liberalizing prices and foreign trade—Leszek Balcerowicz admitted at a recent meeting with bankers. Much more difficult things are still waiting to be done: privatization, self-management, and the creation of market institutions, meaning not only banks, insurance companies, and the stock market, but also economic legislation. Such institutions have, according to Balcerowicz, the greatest impact on economic results, even more than the culture of a given country.

We thus have a frame that inside is partially empty or partially filled with anything. The building of efficient institutions was neglected from the beginning; nor did the frequent changes of governments help. Of course, it was impossible to do everything at the same time; there

was always more to be done. But the break that citizens are willing to give to the new state is clearly coming to an end.

In the life of one person, three years is a lot, so it is harder to understand why, after three years, banks—basic institutions of capitalism—are still rather a trap for money more than they are a place of money flow. Taxes are not properly collected, even if the state can afford almost nothing, and economic principles change a few times a year.

Even if social consciousness changes slowly, society expects that the government will learn fast. This is one of many contradictions of the transition period. The lack of efficient institutions in the new system is more and more burdensome and halts development.

We Already See the Sense

Despite these and other mistakes of the past three years, the OECD report states: "The most important thing is that Poland has crossed the Rubicon. Time and greater efforts will be necessary to create a strong market economy, but its direction has already been established. A change cannot be taken under consideration."

We, too, despite our complaints, are slowly getting used to the new situation; we are learning how to accept it and how to live with it. More people see in those changes not only the horrible chaos that turns their lives upside down but also the deeper sense and the inevitable necessity.

Prof. Maria Jarosz, who studies workers' attitudes toward the changes (her book on this subject will be out soon), found in the summer of this year that workers' behavior was more rational, showing greater adjustment to the situation. Contrary to popular opinion, the most important thing for the workers in 1992 was not the size of their wages but saving the company—and not necessarily in the state form. This gives some chance to the ownership transformations that two years ago were definitely rejected by this social group.

"One must be blind not to notice changes for the better," cried Prof. Jeffrey Sachs, the eternal U.S. optimist, to society and politicians during his last visit in Poland. With all of the complaints, mistakes, and problems that we all are aware of, it is hard not to notice, if one has just a little bit of good will, that Poland has taken a big step forward.

For many years to come, people will probably discuss whether this step did not cost too much, whether it would have been better to take more small steps rather than one big step, whether this or that—but these will be rather academic discussions. Today the most important thing is to not lose what was done, and to repair what can be repaired.

Two Economies

The most significant thing is economic balance. This is so for every one of us; it means freedom of choice and stores full of goods. And this cannot be done once and for all.

Protectionism, which means closing the borders for foreign goods, granting easy access to credit funds, and increasing earnings, would cause high inflation. There are so many underused factories and equipment in Poland that it seems impossible; all it would take would be to throw in some more money, and they would work at full speed, giving employment to the people and good local products. But it is not so easy. The report of the Central Office of Statistics and the Polish Academy of Sciences supports the general observation that in Poland there are still two economies. There is the economy of big state enterprises, which cannot or do not want to adjust to the new situation. They do not take risks and, to every increase in demand, react with increasing prices. Then there is the economy of new private enterprises that take risks; when demand increases, they increase production or invest. This is, of course, a simplification because each side has companies that function better or worse, but such attitudes prevail.

This duality is a problem for economic policy. A looser financial policy about which every entrepreneur dreams could start greater investments and create new work places in private enterprises would lead to inflation in state enterprises, which still are in the overwhelming majority.

Walking the Tightrope

For the first time in three years, a chance to break the recession is emerging. For three months, industrial and construction production have increased; there is thus a justified hope that production will be higher than it was last year. Despite the terrible drought, the gross national product—what we produced together—will not decrease and may increase slightly. Such a thing has not happened for the past four years. The heavy, malfunctioning economy, now slightly lighter and younger, slowly and with difficulty finally bounces back.

What shall we do to keep the good luck? For some time now, some economists and politicians recommend walking the tightrope between inflation and increased production, so that, in encouraging production, we do not cause an explosion of inflation, while the process of halting inflation does not kill economic activity.

The conclusion of the Polish Academy of Sciences' report, signed by Prof. Leszek Zienkowski, also tends in this direction. He even believes that, to activate the economy, one has to be ready for some risk. In a packet of actions to support economic activity, he proposes a temporary negative interest rate, lower than the inflation rate, to increase investments, without which a permanent way out of the depression would be impossible. On the other hand, it would demand a very careful wage and

income policy—more simply, wages and income would at least not be increased right now. We all have to earn money for development by limiting consumption.

But, in fact, the interest rate has already been negative for some time, yet investments do not increase. Further cheapening of the credits would have an impact on rates of deposits and, as a consequence, a decrease in savings that are the base of the banking system. Manipulating the interest rates in such a way is very dangerous.

The politics of balancing between Scylla and Charybdis is, in our situation, very difficult, if not impossible. Facing frequent pressures from various lobbies, especially the big industry and the agricultural lobbies, we are threatened all the time with the possibility of high inflation. In addition, expectations of inflation are fed all the time by announcements of increases in prices and exchange rates and of higher taxes. Meanwhile, the government, busy with negotiating and budget planning, stopped talking about the threat of inflation.

A Helmsman Is Needed

Subtle politics demands the presence of a consolidated economic team that knows what it wants and sticks firmly to it—not to mention the need for high-quality independent banks.

Though it is true that our coalition is based on common economic views, sometimes one can get the impression that everyone here works on his own, not really aware of the outcome of one's actions. Maybe Leszek Balcerowicz had nothing left to offer, as some say, but I personally do not believe that. But, for sure, a person of such quality as Leszek Balcerowicz, with the concept, courage, and readiness to take responsibility for his decisions, is absolutely necessary during a time of such deep changes. Our economy lacks a brain and a helmsman.

Nor is a careful policy of slowing and awakening impossible unless society agrees to continued modest standards of living. According to Western experts, there is a clear alternative: Either real wages will be kept at current levels and unemployment will grow, or unemployment will be limited and cuts in wages will be made. The experts support the second solution. Maintaining real wages will be possible only when productivity increases. Otherwise, according to the experts, Polish products will stop being competitive.

It is a truth difficult to swallow because earnings in Poland are very low, and there are more and more people who barely make ends meet. How many is shown by the wave of strikes in Upper Silesia.

It will be equally difficult to convince farmers, who are the most dissatisfied with the new system because, despite their expectations, it brought them a real worsening of their material situation. They are a great political force and a strong lobby. At the same time, they still believe that farmers are the moving power of the economy. The truth is cruel: The report presented by the

Polish Academy of Sciences makes clear that agriculture will stand international competition only when it specializes in the most time-consuming production and agrees to accept low payment for its work. Protectionism and subsidies can only make things worse. Drawing comparisons to Western interventionism in a country where 27 percent of the population still works in the agricultural industry, while 7 percent of the population in the West works in agriculture, is unrealistic. This does not mean that any help from the state is impossible and that all farms will suffer a difficult situation.

Reconciliation of opposing interests and protection of what already has been done—even moving forward—are neither simple nor certain, especially as a great budget deficit, huge debts, unemployment, and many other problems hang over us. But it is not impossible.

The trump cards of Poland, according to the OECD, are the workers' high qualifications, a very good geographic location, and a large potential local market. We need an economic policy that will allow us to use these qualities to the maximum.

* Origins, Stability of Recent Growth Questioned

93EP0142C Warsaw RZECZPOSPOLITA
(ECONOMY AND MARKET supplement) in Polish 23
Dec 92 p 1

[Article by Krzysztof Lutostanski, deputy chairman of the Main Statistical Administration during 1989-92: "Who Shall Pay for This Growth?"]

[Text] Starting in April, according to GUS [Main Statistical Administration] communiques, the sales volume of industry has been higher than in like months of the previous year.

In November it was nearly 13 percent higher than a year ago. Even a possible change in this trend in December will not change the statistical fact that, after three years of declining industrial output, that decline was reversed in 1992, and by as much as about 3 percent at that.

Using this argument, the cautious say that "something has moved" in the economy, the optimists are proclaiming the end of the recession, and bold visionaries delineate the prospects of a rapid, long-term, and stable growth. I wish I were wrong, but I fear that they all are mistaken. The mistake consists in that no one has so far succeeded in providing a plausible explanation of the reasons for the rise in industrial output. Well, knowledge of these reasons is of crucial importance, because, depending on their nature, this growth can be interpreted as either a lasting and positive trend or as a transient and even—in a sense—injurious trend.

The fundamental question is: What are the origins of the demand that spurred that rise in output?

Any attempt to answer this question at present would be precarious, because in statistics estimates of this kind are

done only once a year, when preparing the balance sheets of the national economy. For 1992 these balance sheets will be known in August 1993. But I think that, without hazarding a major error, much can be anticipated even now.

First, household demand was of a certainty lower than a year ago. This is demonstrated by the fact that, after the first three quarters of 1992, average wages and retirement pensions were 4- to 6-percent lower when adjusted for real prices, and adjusted real household incomes were 3- to 7-percent lower (after the first half of 1992). If we also consider that a greater part of those lower incomes had to be set aside for housing rents and fees (which increased by 2- to 5-percentage points in the first half of 1992), and that the real value of personal savings increased by 5 percent, it can be assumed that the decline in household demand amounted to at least 5 percent.

Second, the budget sector probably was not a source of the increase in demand. To be sure, budgetary spending by the state and by the local governments increased to a greater degree than inflation, but the core of spending from the state budget is on salaries and wages, and these have already been considered above. Of the remaining expenditures, spending on servicing the domestic debt climbed rapidly. The outlays earmarked in the budget on investments and materials procurements this year may not have been lower in real terms than a year ago, but they certainly did not spur the economy either. The investment outlays of local-government budgets increased by 15 or so percent in real terms, but in view of their scale (5 trillion zlotys [Z]) this could not be of major importance.

Third, nothing indicates that foreign trade is a factor in improving the economy. The contrary might even be argued. Last year there was a surplus of imports over exports during the first four months. Subsequently the balance of trade had become positive, though after November it was practically zero. But this year it was negative and, according to GUS estimates, it has been so far Z2.1 trillion in the red, and, after 11 months, it still remains markedly negative.

Thus, by using the elimination method, we find that what is left as a source of growth in demand is the enterprise sector. Its operating expenses with the object of earning revenues (and hence also, to oversimplify, its demand) have been indeed rising in measure with the increases in the prices of industrial output, and within the industry itself the demand even increased by about 3 percent in real terms. But this was not investment demand: During the first three quarters of 1992 investment outlays were only 16.5 percent higher (in current prices) than a year ago. Thus in real terms they declined by at least several percent. It would be difficult anyhow to expect higher investment in the presence of a decline in earning capacity and profitability. (Incidentally, the comparison itself of the decline in these financial ratios with the rise in output is disturbing.)

The circulating capital of enterprises toward the end of October was 21 percent higher (in current prices) than a year ago, with accounts receivable having increased by 22.6 percent, but credits and loans increased by 48.6 percent, and obligations by 49 percent. As a result, the degree to which obligations could be offset by accounts receivable dropped to 83.1 percent from 101.7 percent. Toward the end of October, the obligations of enterprises exceeded their accounts receivable—often uncertain and difficult to rely upon—by Z60 trillion, of which in industry was Z61 trillion [as published]. That Z60 trillion equals 4 percent of the aggregate revenues of enterprises and 8 percent of the revenues of industrial enterprises alone.

In view of the above, admittedly abridged and, of necessity, oversimplified analysis, the hypothesis may be conceived that the rise in industrial output was fueled by the enterprises themselves. They got into debt to the state budget, to the ZUS [Social Security Administration], and everywhere else, so long as they could continue operation and survive until the arrival of debt relief.

To a large extent that debt will not be repaid, or we all may repay it—unfortunately not by buying the goods and services produced but owing to a reduction in the interest paid on personal savings, an increase in taxes, and a decline in social protection.

Perhaps then it is not worth it to rejoice over this kind of increase in output? Perhaps it would be more worthwhile to restrain it?

* Olechowski, Syryjczyk on Economic Prospects

93EP0142B Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET supplement) in Polish 22 Dec 92 p I

[Article by Ewa Zychowicz: "Growth Is Certain but Conditioned: Polish Economic Outlook"]

[Text] "For the Polish economy to make it possible for national income to double by the year 2002 we would need an annual 8-percent rate of economic growth," said Andrzej Olechowski, the president's economic adviser, during a discussion organized by the Foundation for the Training of Personnel in Foreign Economic Cooperation at the Main School of Commerce.

The discussion concerned the prospects for Poland's economic growth in the next 10 years. In Olechowski's opinion, maintaining that growth in the long run is a much more difficult task than causing it in the first place. This is possible only if all members of the national community want to multiply their wealth and have the right conditions for doing it. These right conditions include: credibility of the government, predictable stability of the various factors decisive to economic growth (such as the currency exchange rates, the inflation rate, or the bank interest rate), and the existence of suitable laws ensuring order and integrity in the economy. Other indispensable growth factors mentioned by Olechowski

are: consistent privatization, proactivism of the government in determining desirable directions of investment, moderate price increases, and an evident improvement in the quality of merchandise as well as opening to the world. No less important to significant economic growth are improvements in the quality of life, both in the public and in the private domains, as well as the promotion of new attitudes and skills which would not only facilitate our adaptation to the market economy but also bring us closer to the European economic structures.

Tadeusz Syryjczyk, the prime minister's chief adviser, who was present at this meeting, contended that a major barrier to our economic growth is the considerable degree of unpredictability. Proper economic growth is also being retarded by the unsatisfactory utilization of foreign credits. It is estimated that about 20-30 percent of foreign capital still has not been utilized. In Tadeusz Syryjczyk's opinion, a major problem whose consideration is unfortunately being postponed is the public debt burdening the Polish economy. At present debt payments markedly outweigh the funds obtained by Poland for purposes of its own development.

The energy sector, in which we are dealing with a cost spiral, is still difficult to master. For many years Poland had been considered a country of cheap energy, and now it must bear the consequences. We are approaching the dangerous margin of insolvency in this domain of the economy.

Another domain that requires a major restructuring, in the opinion of Syryjczyk, is agriculture. In that field credible forecasts are difficult to come by, and this complicates developing a strategy for the economic growth of that sector.

In the discussion the importance of two other factors in economic growth was also emphasized: the opening to the world and political stabilization as well as stabilization of various economic elements on which any prediction can be based. The opening to the world provides us all at once with the needed foreign capital, the no less desirable technological progress, and the needed experts.

The most important problem was said to be the public debt, which, as one participant in the meeting put it picturesquely, is ticking above the economy like a time bomb.

*** Future of Inflation, Budget Deficit Viewed**

93EP0143A Warsaw ZYCIE GOSPODARCZE in Polish No 51-52, 20-27 Dec 92 p 3

[Interview with Dr. Marek Dabrowski, chairman of the Council of the CASE Foundation, by Grazyna Garlinska; place and date not given: "Something for Something"]

[Text] [Garlinska] What awaits us in the coming year? Shall we continue to be caught in the trap of inflation and budgetary deficit?

[Dabrowski] There are many indications that that is how things will be because both the stability of public finances and macroeconomic stability are very questionable. What has happened in recent months may have a negative impact on the economic situation in 1993. Here I have in mind the decision of the government, the Sejm, and, to a certain extent, the NBP [National Bank of Poland], concerning the budget deficit in 1992 and the financing of the budget through an additional issue of money. This emanates from the fact that, during the last seven weeks of the year, the deficit will double from approximately 40 billion zlotys [Z] at the beginning of November to Z82 billion at the end of the year. This means pumping a large amount of money into the economy. If we also take into consideration the fact that there is always a time lapse of two to three months between monetary phenomena and inflation, this may mean that, sometime in February-March 1993, the effects of the decisions contained in the budget amendment for 1992 may have a very negative impact on the economy. I do not discount the fact that this may occur still earlier, at the beginning of the coming year.

The aforementioned decisions signify nothing more than the "spiraling of the processes" of the budget deficit. It is in this context that we must view the coming year's budgetary draft law. Although I welcome the announcement that the attempt will be made to truly limit the budget deficit by 30-40 percent (nominally, this is on the same level as last year), the entire budget structure as well as the macroeconomic forecasts with this deficit as the background seem overly optimistic to me. The assumption that a deficit of Z82 billion and a general increase of Z150 billion in the monetary supply will make it possible for inflation to remain (from the end of December 1993 back to the end of December 1992) at a level of 32 percent is rather unrealistic. All indications are that the minimum level of inflation will be 38-40 percent and, most likely, that it will be higher than that.

[Garlinska] The predictions of Prof. Stanislaw Gomulka in this field are similar. He claims that two variants are possible next year: a 5-percent budget deficit and 60-percent inflation, or a 9-percent budget deficit and 100-percent inflation.

[Dabrowski] In general, I agree with Professor Gomulka's conclusions. His reasoning is totally accurate. As you know, the budget deficit is a decisionmaking variable that is largely political. Inflation, on the other hand, is the result of the budget deficit, among other things. Because the deficit for 1993 was planned at a level of 5.5 percent of the gross national product, when we also take into account the effects of the budget increase this year, we find it hard to expect an inflationary level of 32 percent. This is especially so because the rapidity of monetary circulation is also a great unknown, although the authors of the monetary policy assumptions—that is, the NBP (but also the Ministry of Finance)—assume in this case wildly optimistic assumptions, namely, that the circulation of money will continue to decline. In my opinion, no argument in support

of this exists because the fact that the VAT [value-added tax] will be introduced is, in my opinion, too weak. On the contrary, the planned opening of the interbranch clearing house may increase the rapidity of the circulation of money for purely technical reasons.

[Garlinska] What does that mean?

[Dabrowski] It means, above all, that several other assumptions presented in the budget or related to it are unrealistic. This includes the assumption that the interest rate on the refinancing of credit will decline to approximately 20 percent. I am afraid that the NBP will soon even be forced to raise it if inflation continues at its present level. Even if the percentage rate does not decline to about 20 percent but grows moderately, I believe there is a chance to maintain economic growth next year. On the other hand, 1994 may be in danger in this regard.

In our situation, material production processes are somewhat independent of monetary and budgetary policy. Certainly the link suggested by certain economists and politicians does not exist (that is, the greater the budget deficit and the more money pumped into the economy, the greater the production). On the contrary, curbing the budget deficit and inflation leads to a decline in production. It seems to me that the past three years have proved that these are, at least in part, unrelated processes. The best proof of this is the past 12 months or so, during which, despite certain attempts (some more, some less, successful, which is a separate issue) to control the budget deficit, despite the decline in real credit for the economy, production has begun to increase.

[Garlinska] How may this be explained?

[Dabrowski] In my opinion, restructurization, broadly conceived, led to this. A formidable part of enterprises, both smaller and midsized, has already been privatized. Large enterprises are also undergoing a process of adaptation to some degree. This process is not yet completed. This also applies to state firms, which have ushered in changes in the method of management, for example, and have also have reduced their assets and cut back on the number of employees. Many entrepreneurs have succeeded in reorienting themselves "toward the West," having being especially pushed toward this through the loss of Eastern and domestic markets.

These positive restructurization processes have made possible the improved utilization of existing production capacities because it is known that we have few gross investments in the economy, and we have had no net investments during the last period. Thus, we are dealing primarily with the best utilization of existing production potential. I think there are still some reserves remaining, at least for the first half-year and perhaps even for the whole of next year.

[Garlinska] Will these investments suffice to attain the planned growth set by the government?

[Dabrowski] The government forecasts, which speak of a 1.5-percent growth of the national income and, thereby, of industrial production, are pretty realistic in this regard. Moreover, it seems to me that, following this year's drought, agriculture should also demonstrate growth tendencies. In a word, next year we should note moderate growth in the economy. This is, of course, under the condition that we do not allow an increase in inflation, which certainly impacts unfavorably upon production and investments.

[Garlinska] But do you not believe that squelching inflation at any price could threaten the economy?

[Dabrowski] What does "at any price" mean? I do not understand such a statement. It is propagandistic.

[Garlinska] My concern is that too much success in curbing inflation might threaten economic activity.

[Dabrowski] I do not believe that the plan to curb inflation on a reasonable scale (from 10-15 points in 1992) will threaten economic activity. On the other hand, I know that high inflation will quickly jeopardize the current revitalization. If we do not reduce inflation, we will not reduce the nominal percentage rate. Higher inflation also will discourage saving, and it will create the need for continual devaluation and so on and so forth. All of this will impact negatively on the tendency to save and to make midterm and long-term investments, and it will also halt the influx of foreign capital.

We should realize that there never has been a Keynesian alternative in the type of economy we have—that is, that it is possible to choose between inflation and recession. The current year has proved that.

One thing is certain: There are very few examples in which a country with double-digit inflation over 20 percent has been in a position to maintain economic growth for any length of time. In such situations, we encounter stagflation, which operates to the disadvantage of economic competition, to the disadvantage of its capacity to generate growth.

[Garlinska] And how do you propose to battle the increasing budget deficit?

[Dabrowski] The battle against the deficit must take place on both the side of outlays and the side of income. The source of income should be, above all, to raise indirect taxes. Ultimately, this means introducing the VAT, without any significant reduced rates and exceptions. Unfortunately, because of recent Sejm decisions, it is questionable that the VAT will be introduced without reductions or exceptions. There are many rate reductions and exceptions in the law on the tax on goods and services. However, before the law goes into effect, turnover tax rates will have to be raised, and it will have to encompass all goods accordingly—not only "luxury" items because such items bring little into the budget. (This year's experience with automobiles demonstrated that). This is the most effective form of preferring

investment over consumption because, in the case of the purchase of investment goods, for example, the VAT will be a one-time turnover.

The decline in taxation income emanates from the fact that the laws on income tax from physical persons and income tax from legal persons create too many possibilities for manipulating the profit volume.

The effectiveness of tax collection and of the so-called tightness of the rules of the game are extremely important. The more the rate reductions and exemptions, be they systemic or discretionary, the lower the fiscal effectiveness of the operation of taxes. Here the government and parliament have the greatest responsibility because they should realize that, when they make exceptions, it generally leads to the ruination of the enterprising, while those who manage to stamp their feet the loudest obtain rate reductions. In such situations, an active entrepreneur who has a potential for development must pay, for example, the consequences of the situation in Mielec or somewhere else.

With regard to outlays, I see here three sources of economizing. In the first place, in the sphere of pensions and annuities (the too-low retirement age for many occupational groups, the overly liberal principles for granting disability pensions, especially for the third group, and the various vestiges of retirement privileges). Are the abuse of the right to a pension, the failure to respect the restrictions regarding earning money if one is on pension, and the carrying out by the unemployed of unregistered economic activity acceptable?

In the second place, reform in the budget sphere, which, at the same time, leads to an improvement in the quality of the services rendered by this sphere should bring about certain savings.

The third source of savings is linked to industrial, social, and agricultural interventionism. The latter is a particular danger. Peasant Accord [PL] has assumed the role of holding the balance in the government coalition and of securing various privileges for its electoral clientele. And the bottom line is simple: Whatever one occupational group wrenches from the budget must be paid for by another group. Unfortunately, the present government tends to get mired in this type of interventionism.

[Garlinska] Let us return to budgetary income. In your opinion, are there reasons to continue with the *popiwek* [tax on above-the-plan growth of wages] and the dividend? If so, how long should they be continued? Should they, perhaps, be done away with definitively next year?

[Dabrowski] I do not hide the fact that I favor the dividend. I believe that, in the case of state enterprises, it is the most sensible way for the state to collect profit on ownership, especially because it is independent of profitability. The dividend should not be a burden, especially now when it has been reduced and when there are no

plans to reevaluate fixed assets (this is a wise decision in the current situation). I would not liquidate the dividend.

But I was never in favor of the *popiwek*. I believe that, in its present form, which, among other things, affords the possibility of obtaining export rate reductions, it may be a dangerous tool. It makes scheming possible and also makes it possible to steer an enterprise into various sham operations. In any event, it does not aim toward efficiency. Thus, in the government's place, I would try to drop it. However, to prevent this from stimulating inflation, it would be necessary to toughen monetary policy and the budget. This is associated with cutbacks in subsidies or social outlays.

This condition should have been presented to trade unions in discussions on the pact on the enterprise, according to the principle of something for something. Unfortunately, that did not occur. There are many indications that the *popiwek* will be troublesome and, at the same time, ineffectual from the viewpoint of the tasks that confront it. And political ferment continues.

One way or another, we will have to abandon the *popiwek* sooner or later. The microeconomic justification for this tool is also disappearing; there is less and less of a state economy, privatization is occurring...

[Garlinska] And, unfortunately, for the present it is not yielding the anticipated results and income.

[Dabrowski] Privatization should bring certain net income into the budget, but it will not be the staggering sums we once expected. At least that is not what I hope for. On the other hand, from the viewpoint of the budget, it is essential that privatized enterprises stretch out their hands to the budget more rarely for support or a rate reduction. There is a clear difference between the effectiveness of operation of the private sector and the state sector. If we want to speak of the revitalization of the economy, of a change in the philosophy of thinking at the micro level, privatization creates the greatest opportunities for us here. That is why it should be accelerated. Will we be able to do this in the coming year? I hope so, but I am not certain.

[Garlinska] Thank you for the interview.

* State Treasury Options, Actions Discussed

93EP0138A Warsaw ZYCIE GOSPODARCZE in
Polish No 49, 6 Dec 92 p 16

[Interview with Dr. Jerzy Drygalski, secretary of state in the Ministry of Ownership Transformations, by Zbigniew Grzegorzewski; place and date not given: "Difficult Oversight"]

[Text] [Grzegorzewski] The State Treasury has turned out to be a passive owner. The assessment of what is

going on in single-person companies of the State Treasury and the fact that they are in a poor condition give us grounds to state this.

[Drygalski] The economic performance of the companies of the State Treasury varies. However, it is comparatively better than that of state enterprises; moreover, an improvement in this performance in relative terms is under way. However, I would like to clarify a misunderstanding early on. The State Treasury is a legal construct. It is represented, among others, by parent agencies and the Ministry of Ownership Transformations. Yet the parent agencies provide owner supervision in keeping with the rules of the law on state enterprises, whereas the Ministry of Ownership Transformations does so in keeping with the rules of the commercial code. These are absolutely different and incomparable philosophies of owner supervision. Ownership rights are fuzzy in the philosophy of the law on state enterprises. In the philosophy of the Commercial Code, the State Treasury has formally regained such rights.

Naturally, there are other differences. However, it should be remembered that the economic performance of enterprises and companies depends only in part on the quality of the supervision provided, regardless of the type of this supervision. The realities of production and the market are decisive—the quality of the product, its competitiveness, marketing, and so on. It is hard to accomplish qualitative changes and adjust to the realities of the market within a short period of time.

[Grzegorzewski] However, it was anticipated that the supervision of single-person companies of the State Treasury would be more effective than that of state enterprises. This is what I expected.

[Drygalski] Indeed, great and excessive hopes are attached to conversion to commercial operations. In itself, the transformation of a state enterprise into a company of the State Treasury amounts to merely changing the legal format—changing the rules of operation and introducing a new power arrangement. The assets, products, and position in the market remain the same. Moreover, the position of the State Treasury and the extent and instruments of owner supervision are set forth in the Commercial Code, whereas the system of supervision itself and owner policy are just being developed.

Let me recall that conversion to commercial operation was initially interpreted as an introduction to privatization, and its scope was limited. Conversion to commercial operation did not begin on a broader scale until the fourth quarter of 1992; it was mainly interpreted as the first stage of the program for comprehensive privatization. As it were, the nature of the economic system of companies itself is transitional. It combines the features of an enterprise system and a company under commercial law. The State Treasury as the owner does not receive a share of the company's profit; the latter is left

to the company in its entirety. Instead, the State Treasury collects interest on joint stock, which is the equivalent of a dividend for a state enterprise.

[Grzegorzewski] If supervision is viewed as too weak, it will be necessary to revise the Commercial Code. It is necessary to boost supervision by granting new powers to the State Treasury.

[Drygalski] I believe that it is premature to answer that question. At present, the point is primarily to take advantage of all opportunities provided by the code. I am opposed to extemporaneous changes in legislation. Experience suggests that, almost as a rule, this does more harm than good. Fortunately, it is not easy to amend legislation. The powers of a general meeting may be shaped differently by the charter within the framework of the code. In 1991, the Ministry of Ownership Transformations came out in favor of a limited role for the general meeting. A great degree of freedom was given to councils of trustees and boards out of fear of bureaucratic interference and a return to "hands-on control." After all, the companies themselves were sensitive on the point of interference from on high, and protested outside interference. Companies facing bankruptcy were an exception; they demanded protection from the general meeting—that is, relief, subsidies, guarantees, and debt reduction—and faulted the State Treasury for the absence of supervision and owner decisions. The Ministry of Ownership Transformations will now implement more active owner supervision. The first decisions have already been made.

[Grzegorzewski] The Commercial Code sets forth the roles of the general meetings, the council of trustees, and the board. Relations between them are as simple as can be for as long as this is merely a single-person company of the State Treasury. The general meeting consists of one partner, which is the State Treasury. Supervision is easier to provide, and expectations may be greater.

[Drygalski] Paradoxically, despite the elimination of the so-called Bermuda Triangle, the position of the State Treasury in single-person companies of the State Treasury is no less complicated and perhaps even more difficult. Power relationships in state enterprises were less transparent. They developed within a rectangle: the manager, the employee council, the trade unions, the parent agency. The role of the treasury was limited. In companies, these relationships are simplified: the State Treasury, the board, the trade unions. Therefore, potential conflicts become global almost immediately. The treasury and its representatives become parties to such conflicts. In addition, conversion to commercial operations strengthens the position of trade unions.

Given strong claims made by employees and the economic problems of companies, this power arrangement puts the treasury in a very difficult position. Therefore, supervision is not at all made easier. That is why the Ministry of Ownership Transformations considers the quick endowment of employees with property (the

assignment of shares free of charge, which would replace the current system—technically difficult and time-consuming) so significant. We count on the co-ownership of property to moderate claim-oriented attitudes and enhance the identification of employees with their companies, all reservations concerning giveaways notwithstanding.

[Grzegorzewski] Profits are often distributed badly in companies, and hidden unemployment exists. Boards and councils of trustees tread softly. Does this not result, in part, from the stance of the general meeting?

[Drygalski] I will repeat yet again that the situation varies in different companies. All generalizations are dangerous. However, it is true that the boards and councils sometimes assume an ambiguous stance, feeling pressure from employees and trade unions and being unsure about the owner policy of the state. They are reluctant to get involved in conflicts; they do not think in terms of ownership; at times, they exploit strains in order to force concessions on the part of the State Treasury. It is our intention to pursue a clear-cut owner policy and to support councils and boards. We want to enhance the prestige and standing of the management cadres. We will encourage them to own a greater share.

On the other hand, our analysis of the distribution of 1991 profits in the companies failed to confirm the view about strong consumerist trends in them, although there were extreme cases. However, the minister of ownership transformations, in his capacity at the general meeting, will verify the manner in which profits are distributed in such cases. Besides, in 1993, we are likely to be facing a qualitatively different situation. Interest on joint stock will be abolished (this would be a parallel arrangement in the event the dividend is abolished at state enterprises). Therefore, the State Treasury would have to claim a share of the profit of companies.

[Grzegorzewski] However, I would defend my assessment: Because one-third of 500 single-person companies of the State Treasury have operated at a loss, and one in six has debts that exceed its joint stock, the State Treasury cannot feel like a happy owner, can it?

[Drygalski] That is a rhetorical question. The State Treasury is not happy with this situation. State enterprises and companies are going through a difficult and, from the economic point of view, rough period of adjustment to a market economy in the environment of a recession and serious difficulties with the budget. Inefficient entities should be liquidated or declared bankrupt if there is no hope for them. Other, more effective companies will take their place in the market. This difficult process of verification should occur. Supporting these entities artificially does not make any economic sense. However, enterprises and companies that have a chance to survive should be supported. That is why the government has prepared a draft law on the financial restructuring of enterprises and is making

many structural decisions concerning individual industries. To be sure, I am aware that these decisions are not made quickly enough in the case of some industries. However, all of these drafts assume an active role for the companies themselves. Financial restructuring is predicated, for example, on the development of a credible plan for restructuring a company.

On the other hand, actions of the general meeting are restricted by the Commercial Code, and the State Treasury must look for economic instruments commensurate with a market economy. We are merely at the beginning of this path, all the more so because our progress is limited by the development of the banking system and the capital market. The internal structure of the institution of the State Treasury presents a serious problem—the creation of capital connections between companies that would reduce the extent of owner supervision. The National Investment Funds, which will be created within the framework of the program for comprehensive privatization, are a pioneering solution. Improvements in microeconomic effectiveness are a strategic problem that concerns all state-owned entities. So far, we have not found appropriate solutions. More incentive-oriented remunerations for the management cadres do not produce perceptible results. The management contract program is merely getting started.

[Grzegorzewski] So far, not a single company of the State Treasury has gone bankrupt. Could that be a mistake? State enterprises whose situation is no worse are being liquidated. Turning a financial loss should not go unpunished because it is the result of the operation of a state-owned company.

[Drygalski] That is true. Companies still have certain reserves. They maintain liquidity by allocating amortization allowances for current use. They cover losses from spare and reserve capital. Sometimes they secure the rescheduling of payments. Meanwhile, they are "eating away" at their future. However, this will not go on indefinitely. Bankruptcies will begin sooner or later. Some companies are not aware of that.

[Grzegorzewski] Thank you for the interview.

* Instability of Laws Problematic for Business

93EP0142A Warsaw RYNKI ZAGRANICZNE in Polish No 153-155, 22-26 Dec 92 p 6

[Article by Teresa Radzimska: "The Big Question: Foreign Investments in Poland"]

[Text] In the early spring of 1991 gathering needed information about Japanese investments in Poland was a childishly simple matter. One visit to the Agency for Foreign Investments sufficed to obtain a computer printout of all the joint ventures with the participation of Japanese capital, along with attendant fairly detailed information. The next step was to make a few telephone calls to verify whether there have been any changes or to obtain an interview. For clarity, it should be added that

in those times there had been barely five companies with the participation of Japanese capital.

Recently I began to wonder whether it might not be a good idea to check how much the Japanese have enlarged their "possessions" in Poland now that nearly two years have passed. So I went to that institution, which now is called the State Agency for Foreign Investments (its predecessor was disbanded under the new Law of 16 June 1991 on Joint Ventures), or PAIZ. To my astonishment, however, this time I collided with a daunting information barrier.

It turned out that the PAIZ, whose purposes include the provision of information, was incapable of answering my questions. It is natural enough for a potential foreign investor, who would receive the most earnest attention from the agency's personnel, to want first of all to know about the conditions for investing in Poland (and, I believe, they would give him that information), but, God forbid, he should not ask what other companies from his country have already invested in Poland at all, and the more so in the industry of interest to him, because this would cause consternation to the PAIZ's employees, whereupon they would begin to explain that actually they do not have complete and detailed information on foreign investments in Poland.

That is because the aforementioned law of 16 June 1991 abolished the duty of obtaining the government's consent to founding joint ventures in Poland, thereby also eliminating in principle the overall monitoring of such investments on the national scale. Information about the founding of joint ventures is scattered among the various courts of law throughout the country [businesses register with courts to obtain operating permits], and only a small percentage of the existing joint ventures has been recorded in the files of the Ministry of Ownership Transformation inasmuch as they operate in the domains requiring the approval of that ministry—this concerns companies for the management of harbors and airports, real estate companies, enterprises of the defense industry not subject to licensing, wholesalers in imported consumer goods, and law firms.

At the same time we learned at the PAIZ that by next year the information we needed should be available, because a complete catalog of joint ventures has been commissioned. For the time being the agency proposed that we contact the GUS [Main Statistical Administration], from which it itself obtains and processes basic statistical information.

But let us not kid ourselves that the GUS is a suitable information source. For if contacted, it will ask us for the statistical number of the joint venture about which we want to learn something. Finding out how many Polish-Japanese joint ventures exist in Poland is beyond the possibilities of the GUS, because, as I was told, this would require special personal research.

Thus I explored another possibility by visiting the Japanese Embassy and the Japanese Foreign Trade Center

(JETRO). At both these places I was able to obtain a list of these joint ventures, with the caveat that its authenticity could not be confirmed. At any rate, that was better than nothing. I returned with that list to the PAIZ, where the presumed names of companies might be located in the computer memory. Ultimately, since the spring of 1991 the list of joint ventures with the participation of Japanese capital has grown to 15 from five. But this "investigation" took me nearly a month. I do not envy anyone who would want to obtain a credible list of German, Swedish, or U.S. joint ventures.

Uncertain Estimates

Toward the end of the second quarter of this year the REGON Register of the GUS listed 8,988 companies with the participation of foreign capital, of which 7,685 were joint ventures. Under the present recording system, a precise determination of the direction of influx of investment funds to Poland is not feasible; only estimates based on data from the GUS and the former Agency for Foreign Investments are available. At any rate, it ensues from these estimates that German partners account for 37 percent of all joint ventures; Swedish, 8 percent; U.S., 7.9 percent; Austrian, 6.9 percent; French, 5.1 percent; and British, 4.9 percent. Lower on the list in terms of the number of their joint ventures in Poland are Italian partners (4.1 percent), Dutch and Swiss (4.1 percent each), and Danish (2.8 percent). Altogether, investors from the above-mentioned countries own shares in 85 percent of the registered joint ventures.

For a joint venture to be registered is not tantamount to starting operations. At the Foreign Investors' Chamber of Industry and Commerce, I learned, in a conversation with its representatives Vice Chairperson Malgorzata Wychowanec and George Osypowicz, that, according to the Chamber's estimate, not more than 3,500 joint ventures—of which some 400 are members of the Chamber—actually operate in Poland. It is said that some foreign investors have at all once registered several different companies which they put into operation as the need arises and depending on the changing circumstances. Well, the difference between more than 7,500 and 3,500 is hardly trivial.

It also seems misleading to estimate the commitment of capital from a given country solely on the basis of the joint ventures with its participation. Data on the size of the funds flowing into Poland from discrete countries are not available. But the overall level of these investments is estimated at \$1-1.2 billion, compared with \$224.4 million at the end of 1990 and \$495.9 million at the end of 1991. This would seem to indicate that the value of foreign investments in Poland in the last two years has been rising at a pace of more than 100 percent annually.

But this should be no reason to grow euphoric. It is simply that we had started out from an extremely low level, and on the scale of the Polish economy a billion dollars is rather a modest sum. In this respect we are behind Hungary and Czecho-Slovakia, although lately

the situation has begun to turn to our advantage, as it were, owing to, among other things, the signs that Poland is emerging from its recession. It is symptomatic that several weeks ago Ernst & Young, an influential auditing company known the world over, ranked Poland first, ahead of our southern neighbors, as regards attractiveness of investing in Central-East Europe. But let us not forget that there exist equally or more investment-wise attractive regions such as Western Europe, Asia, or Latin America. World capital has to be skillfully wooed, whereas we keep behaving like a skittish young debutante who expects of her suitors that they meet a number of difficult (or even impossible, from their standpoint) demands.

The Laws Are Inconsistent and Unstable

Plenty of food for thought is to be found in the studies conducted by Western investors and consultants active in our part of the European continent. According to one study, carried out by THE ECONOMIST's "Intelligence Unit" and a consulting company, Business International, in cooperation with Creditanstalt, an Austrian investment bank, Poland is viewed as a country where negotiations to establish a joint venture stretch into infinity. Seventy-four percent of the investors polled had spent much more time on these negotiations than anticipated, which upset their business schedules. Emphasis was also placed on the "ambiguity of the legal system" in Poland. In this field we look much worse than Hungary and Czechoslovakia.

Other studies, conducted by Deloitte Touche Tomatsu International, an international consulting company, showed that the instability of laws and conditions of business operation in Central-East Europe is the greatest problem to foreign investors (52 percent of the respondents). The next most important problem mentioned was the difficulty of obtaining information (40 percent), followed by lack of easy access to funding (36 percent), hard-currency restrictions (33 percent), red tape (31 percent), unclear ownership laws (17 percent), taxes (6 percent), and poor infrastructure (4 percent).

Discussion of taxes is underway among foreign investors in Poland. It seems that they have already grown reconciled to the absence of temporary tax exemptions which used to place them in a more advantageous position than domestic investors. However, as Malgorzata Wychowanec contends, the absence of any investment incentives or rebates whatsoever in Poland is difficult to swallow. If the Polish economy is to be jump-started, considerable investment is needed—there is simply no other way. But the entrepreneur must be clearly made to feel that it would pay him more to reinvest part of his profits than to set them aside for consumption in their entirety.

The Chamber is about to complete yet another report for the government, a kind of an assessment study of the Polish economy. The authors of that report did not confine themselves to problems of interest solely to

foreign investors. Their suggestions and conclusions concern in principle most of the enterprises operating in this country, including the 100-percent Polish ones. "The point is to provide as soon as possible investment incentives," Ms. Wychowanec said. "The next most important thing is to 'cleanse' the laws of any ambiguities and complexities, that is, to create a cohesive, uniform, and homogeneous legal system that would admit no loose interpretation. Next, we posit the need for introducing the principle of legal stability over, say, a 10-year period because within that period investments should be recouped. Likewise, the tax system needs to be regulated so as to provide an incentive for economic growth and hence also for investments. Next, we point to the need to construct a logical customs system (such that, e.g., the duties on producer goods would not be higher than on finished goods)."

With a thought to, by now, chiefly (but not solely) foreign entrepreneurs, the Chamber advocates the ownership of hard-currency bank accounts by companies (or at any rate by joint ventures) so as to avoid the continuing and extremely unfavorable devaluation of the funds of foreign investors. Similarly, it supports the liberalization of the laws governing the ownership of real estate. An entrepreneur has to feel that he is investing in something he owns. Since laws at present can be interpreted in such a way that a building erected by a company on a parcel of real estate is the property of the owner of that parcel, this effectively frightens off the investors, according to the people I spoke with at the Chamber.

It remains to be hoped that the Chamber's report will be seriously considered and pondered by the appropriate government agencies and the parliament. The chairman of the State Agency for Foreign Investments, Bogdan Chojna, has been speaking of the need to create a lobby to promote foreign investment and to get the parliament to pass a law for the support and protection of such investment. Laws are laws but it will do no harm also, this being just as important, it seems, to court the support of public opinion for foreign investment. The hostility to "capitalist bloodsuckers" propagated by the previous system of society is still deeply rooted in our nation, and potential investors are becoming increasingly aware of it. So long as this continues, the future of foreign investments in Poland will remain a big question.

**Voivodships With the Greatest
Number of Joint Ventures**

| | Number of Joint Ventures | Percent of Total |
|----------|--------------------------|------------------|
| Warsaw | 2,643 | 34 |
| Gdansk | 593 | 8 |
| Poznan | 552 | 7 |
| Katowice | 483 | 6.3 |
| Szczecin | 467 | 5.8 |

| | | |
|---------|-----|-----|
| Wroclaw | 343 | 4.5 |
| Krakow | 311 | 4.2 |
| Lodz | 283 | 3.9 |

Number of Joint Ventures by Subsector

| | |
|------------------|-------|
| Wholesale trade | 1,033 |
| Construction | 374 |
| Textile industry | 230 |
| Motor transport | 195 |
| Marketing | 192 |
| Consulting | 184 |

Value of Exports by Joint Ventures

| | |
|------|---------------|
| 1989 | \$178 million |
| 1990 | \$516 million |
| 1991 | \$609 million |

Joint Ventures by Size of Founding Capital

| Founding Capital | Percent of Joint Ventures |
|-----------------------|---------------------------|
| More than \$1,830,000 | 3.4 |
| \$913,000-1,830,000 | 4.0 |
| \$460,000-912,000 | 4.5 |
| Below \$460,000 | 88.1 |

Employment in Joint Ventures

| Number of Employees | Percentage |
|---------------------|------------|
| 5 or fewer | 34.3 |
| 6-10 | 11.8 |
| 11-100 | 42.5 |
| 101-1000 | 4.4 |
| More than 1,000 | 7.0 |

Principal Foreign Investments in Poland

Fiat (Italy): Tychy FSM [Low-Displacement Car Factory], Bielsko-Biala, passenger cars. Capital committed; \$180 million (90 percent of shares). Investment plans: \$850 million.

Lucchini (Italy): Warsaw Steelworks, steel industry. Capital committed: \$159 million (51 percent of share).

International Paper Co. (United States): Pulp and Paper Plant in Kwidzyn, pulp and paper industry. Capital committed: \$120 million (80 percent of shares).

Asea Brown Boveri (Sweden, Switzerland): Zamech [Machinery Works] in Elblag (76 percent); Dolmel in Wroclaw (55 percent), ZWUS [Signaling Devices Manufacturing Plant] in Katowice (30 percent), Lamina in Piaseczno (60 percent), and ELTA in Lodz: Turbines, electrical motors. Capital committed: \$70 million. Investment plans: \$50 million.

Thomson C.E. (France): Polkolor in Piaseczno; television equipment. Capital committed: \$35 million (51 percent share).

AT&T (United States): Telkom-Telfa, Bydgoszcz. Capital committed: \$28 million (80 percent share). Investment plans: \$45 million.

Pepsi Co. (United States): Wedel, Inc., in Warsaw, manufacture of chocolates and candy. Capital committed: \$25 million (40 percent share). Investment plans: \$56 million.

Henkel Kg (Germany): Pollena in Raciborz, detergents. Capital committed: \$20 million (80 percent share). Investment plans: \$24 million.

* Report on Poll Conducted on Consumer Spending

93EP0150A Warsaw ZYCIE WARSZAWY in Polish 9-10 Jan 93 p 2

[Article by Tomasz Zukowski: "How We Live; How We Want To Live," under the rubric "Analyses"]

[Text] How much money is in your wallet? What is your income? Pollsters from the Public Opinion Survey Center (CBOS) recently asked these questions of more than 1,000 Poles selected at random. It turned out that the monthly income per statistical Pole (including also his family members) is slightly over 1,300,000 zlotys [Z]. Behind this average there are substantial disparities: Every third person makes less than Z1 million and every sixth more than Z2 million.

Even if we assume that the respondents did not reveal all of their incomes, the resulting picture hardly inspires optimism.

It is not surprising that 40 percent of the respondents claimed that their families were badly off, and only 11 percent said that they were well off. The remainder chose the answer, "Neither good nor bad."

How do you view your family's material situation?

(In percent)

| | |
|----------------------|----|
| Hard to say | 1 |
| Good | 11 |
| Bad | 40 |
| Neither good nor bad | 48 |

How do we cope with financial problems? According to the CBOS poll, we choose from among three alternatives: "Tightening the belt," awaiting assistance, and, lastly, looking for an additional job.

Most often, we try to cut down on our spending. Nearly all the respondents admitted to this. Every second respondent was saving on food or clothing. Our diet is worse and more limited and we buy only the most essential clothing. There also are things that we give up

on completely. We find it easiest to cut out from our family budget spending on culture and education (this is being done by 40 percent of the respondents), on clothing and footwear (28 percent), and on furnishing and maintenance of housing (23 percent).

Nearly every fifth Pole (18 percent of the respondents) benefits from the assistance of family or relatives, and every eighth Pole, from welfare or the PCK (Polish Red Cross). Often also we are forced to borrow money. This was done by every third respondent.

About 15 or so percent of the respondents, chiefly the better-educated urban dwellers, try to actively oppose the vicissitudes of fate by looking for extra work. Some rely on earlier savings, including hard-currency savings.

And what do we want? What would we do should fate suddenly bestow on us lots of money, say, Z500 million?

The desires of Poles are practical. Only a few of the respondents would spend this chance fortune of half a billion zlotys on entertainment or travel. Most would spend it all on furnishing or renovating their homes or buying a new home. The second most frequent goal was to deposit the money in a bank or to purchase stock or hard currencies or jewelry, that is, to provide for the future. The third, preferred by the elderly, was to assist their children or grandchildren.

Fewer respondents spoke of investing the money in a business of their own, with the exception of farmers, most of whom would invest that money in their farms. In addition, one-half of private businessmen and more than one-third of the intelligentsia thought of enlarging their business capital or founding a new company.

Let us sum up. Our living conditions are exceptionally poor, and we are adapting ourselves to them by tightening our belts rather than by exploring new sources of income. We dream of a better home, or of greater material security for ourselves and our families. We have accepted the rules of the world in which we live.

The distance between the difficult reality and our desires is vast. It may be a stimulus for harder work and greater private initiative, but it also may result in discouragement, passivity, or protest. For individuals to opt in favor of the former alternative they must have faith in the meaningfulness of their efforts and hope that for them too things may get better.

Nowadays faith and hope are chiefly the lot of the persons who are better off and better educated and who live in the larger cities and occupy higher ranks in the social hierarchies. It is they too who are the most active and resourceful.

Will other groups and strata join them? Will the new social and economic mechanisms be also open to the other groups of Poles, especially those situated in the middle, half-way between poverty and affluence? A great deal hinges on answers to these questions.

* Bank Chairman Presents Overview of Operations

93EP0150E Warsaw PRZEGLAD TYGODNIOWY in Polish No 51-52, 20-27 Dec 92 p 12

[Interview with Sejm Deputy Jacek Merkel, chairman of the Solidarnosc Chase DT Bank and member of the Presidium of the Liberal-Democratic Congress, by Jerzy Mac; place and date not given: "Politics Is Poor Business," under the rubric "Banking"]

[Text] [Mac] Nowadays, when the ethos of Solidarity is in decline, is its name in the appellation of your bank a minus to your business?

[Merkel] The bank is 51-percent owned by Solidarity's Economic Fund, a corporation belonging to Solidarity. This is a minus in the sense that some people might associate it with entanglement in politics.

[Mac] But the bank is not entangled in politics, or is it?

[Merkel] It is not. This bank is a business establishment.

[Mac] Does this mean that Solidarity structures are not accorded any privileges in "their" bank?

[Merkel] None, other than the rights reserved for the owner by the Commercial Law Code. This means influence on the staffing of the bank's Supervising Council, which appoints the managements, and so forth. We are extremely careful about precluding any intervention of the extralegal or nonbusiness kind.

[Mac] The management should exploit all the assets of the company, but is the name of Solidarity still an asset?

[Merkel] Of course, the purpose of the management is also to exploit a bank's name so as to benefit the bank. The asset in this case is the organizational structure of Solidarity, which after all is a national organization with 35 regional subdivisions, and, should we succeed in establishing a branch of our bank or at least a representative office in each of these 35 regions, we would have an assured customer base from among Solidarity's national membership.

[Mac] What is preventing this?

[Merkel] The scarcity of the bank's capital, 57 billion zlotys, which confines our operations for the present to just one city, Gdansk.

[Mac] Do not Solidarity branches other than the Gdansk one keep their funds in your bank?

[Merkel] Unfortunately not, but that is hardly surprising because it would be impractical for them.

[Mac] Is your bank receiving any "offers that cannot be refused," e.g., from the political parties claiming that they are worthy heirs of Solidarity's ethos and therefore they are entitled to special consideration such as preferential low-interest loans?

[Merkel] Such a possibility exists in theory, and not just at our bank at that. So far it has not existed in practice. What happens more often is that personal acquaintances of mine expect of the bank preferential treatment, e.g., when granting loans. For this reason I have offended several of my friends by refusing their requests on the grounds of banking regulations that have to be observed impartially.

[Mac] Have you granted loans to any political parties?

[Merkel] No, if only because they would be extremely risky, practically uncollectable. After all, everyone knows about the financial condition of political parties.

[Mac] If your own party, the KLD [Liberal-Democratic Congress], which happens to bear an especially heavy debt burden, were to apply for a loan, would you write on the application, "Resolve affirmatively"?

[Merkel] First it would have to be submitted. And once it is submitted, it would be subjected to the normal, routine decisionmaking procedure. I am at the terminal end of that procedure.

[Mac] Would not you be tempted to shorten it?

[Merkel] The quality of its loan portfolio is a main distinguishing feature of a bank, and I would be crazy to make any concessions in such a case. That would be undermining my own position as the bank chairman.

[Mac] Are you satisfied with the ranking ascribed to your bank in, e.g., GAZETA BANKOWA?

[Merkel] No, in the sense that as an ambitious person I would like it to be better, but yes in the sense that it is a ranking that one needs not be ashamed of, and which is improving month after month.

[Mac] Is yours a bank attractive to depositors?

[Merkel] Definitely yes. We cannot compete with the banks whose capital is several times as large as ours and which maintain branches throughout Poland, but within the group of banks to which we belong we are very attractive. For example, we were the first in this country to offer notification deposits; they are something intermediate between monthly certificates of deposit and deposits payable on demand. In addition, we offer the best interest rates on short-term deposits.

[Mac] Have there been any bad loans?

[Merkel] Of course. There is no bank that has not at one time or another made a bad loan, and a banker who claims that no such thing ever happened probably has something to hide. But what matters is that the percentage of bad loans be the lowest possible rate, of a certainty at a safe level.

*** Amount of Fruit Exports High, Consumption Low**
93EP0150D Warsaw ZYCIE WARSZAWY in Polish 4 Jan 93 p 11

[Article by Wojciech Raducha: "Pork Cutlets and Canapes—The Consumption of Vegetables and Fruits in the Highly Developed Countries Is Rising"]

[Text] Poland is a leading European producer and exporter of fruits, chiefly apples, currants, strawberries, and raspberries. In this country 50 percent of fruit-growing and harvesting is concentrated in a few small regions.

Polish fruit growing reached its peak in the mid-1980's, just before the winter freeze of 1986-87, which killed 40 percent of our fruit trees. To this day the record 1986 harvest of 2.8 million metric tons remains unsurpassed. Last year it was not surpassed either. This was not due to the summer drought. The harvest was merely of lower quality and reached the level of about 2.2 million metric tons, i.e., 16 percent more than in 1991. The drought accounted for a decrease in the harvesting of berries such as strawberries and raspberries, while the harvest of tree-grown fruits, especially cherries, was abundant as rarely before.

Turning Apples Into Jam

The fruits harvested in Poland are suitable chiefly for processing. Thus, processing plants are a major market to fruit growers. But while fruit growing is developing, the processing industry is declining. In the opinion of experts this situation may, if continued, undermine Poland's future position on the international markets.

At many processing plants the wearing out of equipment reaches as much as 50-60 percent. In their case investments in reproduction rather than modernization are the point. The financial situation of these plants also is deteriorating. In 1990 only 6 percent of these plants operated in the red, whereas in the first half of 1992 as many as 55 percent did.

The specific nature of operations at these plants, meaning the seasonal supply of raw materials, requires considerable liquid capital. The shortage of such capital restricts fruit procurements and accounts for the low level of procurement prices. For example, growers were paid by these plants 500 zlotys per kilogram of apples for processing last year. It is hardly surprising that they are not interested in cooperating with such bankrupt plants and are ogling hungrily the Western fruit processors.

A Look at Europe

The bumper harvest was also present in the EC countries, especially as regards apples, whose harvest there was 76 percent greater than a year ago, i.e., 10 million metric tons. It is expected that apple-growing will continue to increase, despite the restrictions on the land area used for such purposes. This also applies to berry-type

fruits: Europe is also swelling with a surplus of currants and strawberries. The fact that in this case too a greater harvest was attained despite the reduction in the land areas used for this purpose points to the application of increasingly modern technologies.

Who Likes Our Apples

Exports account for some 40-50 percent of our fruit output, with apples leading. Among the exports of processed fruits the leaders are apple juice from concentrate and frozen berries. In 1990 and 1991 our high positive balance of trade in natural and processed fruits declined somewhat, chiefly owing to higher imports of southern fruits and the collapse of the Eastern market, which in the 1980's used to be our principal partner. The share of CEMA countries in fruit imports from Poland reached 85 percent. The collapse of that market occurred in 1991. Since then Polish fruit exports have been confined solely to Russia and consisted chiefly of apples in exchange for natural gas. However, the EC market has saved Polish growers. Exports of Polish fruits to those countries increased in the years 1990-91 by 70 percent, and imports by 50 percent.

Last year, owing to the general European bumper harvest, both exports and imports declined. The Western countries have enough fruits of their own, and we have less and less money to buy imported southern fruits. A positive balance of the "fruit trade" will, however, be preserved.

A Matter of Taste

Despite our considerable fruit production, our fruit consumption is low. According to GUS [Main Statistical Administration] figures, the mean annual per capita fruit consumption in Poland is 32.5 kilograms. In comparison, Germans eat 125 kg annually; the Dutch, 63; and Swedes, 67. In the last two years per capita consumption in Poland increased by 2 kilograms, chiefly owing to the appearance on the Polish market of large quantities of imported fruit, such as citrus fruits, bananas, grapes, and nectarines. We flocked to them after so many years of deprivation, but unfortunately at the expense of apples. It had been expected that in 1992 the share of fruits in our diet would increase by an additional 4-5 kg per capita annually, but most likely this forecast will not come true. We are spending an increasing amount of money on the more expensive processed grain, meat, and dairy products, which continue to be priorities in our diet. In this case we are running counter to the world trends, since in other countries fruits and vegetables are displacing meat and bread.

* Demographics of Unemployment Described

93EP0150B Warsaw ZYCIE WARSZAWY in Polish
9-10 Jan 93 p 1

[Article by Ludmila Wesolowska: "People Without Work: One-Third of the Unemployed Lost Their Jobs a Year Ago; 15 Plants Announce Layoffs"]

[Text] The typical statistical jobseeker is a woman 35-44 years old, with postsecondary academic or secondary vocational education, who has been unemployed for more than a year. Last year unemployment in the nation's capital and Warsaw Voivodship totaled 65,146. There are definitely too few job vacancies.

Toward the end of 1992 unemployment in Warsaw Voivodship totaled 65,146. This means that nearly 6 percent of able-bodied persons remain without work. In December 1992 alone unemployment increased by 1,333, or compared with December 1991, by 13,085, meaning by 25 percent.

A total of 4,710 job vacancies were reported to the local employment offices, of which nearly 90 percent were for blue-collar jobs. As it turns out, it is easiest to get a job in Warsaw, since 86.6 percent of these job vacancies were reported in the nation's capital.

As many as one-fourth of the unemployed are persons who lost their jobs owing to layoffs from the workplace. Nearly 60 percent of the unemployed are women. The disabled account for 4.6 percent, and 42 percent of the registered jobseekers are persons to whom unemployment benefits do not apply—this latter group has incidentally increased by as much as 27 percent compared with November.

Most jobseekers are in the 35-44 age group, followed by persons in the 25-34 age group. This means that persons in the prime of life, individuals who are most experienced and capable of working productively, remain unemployed.

As statistics show, persons with higher education are most popular among employers, and persons with postsecondary academic and secondary education. Only 6.9 percent of the unemployed are persons with higher education.

Most of the job vacancies are for blue-collar jobs, but most of the unemployed are blue-collar workers.

Nearly one-third of all unemployed have been without work for more than a year. Those who recently (within the past month) lost their jobs account for about 6.5 percent of the unemployed.

In December alone 15 workplaces announced plans for group layoffs of altogether 1,475 persons.

Toward year end the employment offices registered 4,294 graduates of various schools, who account for 6.6 percent of the total unemployment. They include graduates of higher schools (7.6 percent), high-school graduates (16.3 percent), graduates of postsecondary academic and secondary vocational schools (35.6 percent), and graduates of basic vocational schools (40.5 percent).

In December 617 persons took job training or availed themselves of possibilities for skills retraining, 388 persons found employment in works projects, and 191 persons were engaged in public works.

*** CUP Projects No Growth of Farm Output in 1993**
93EP0161A Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET supplement) in Polish 12 Jan 93 p 1

[Article by Edmund Szot: "Agriculture Still Not Productive"]

[Text] The main factor inhibiting the development of agriculture in the last three years has been low demand for food. And this year, too, there will be no essential change due to the competition from constant and universal household expenditures (payments for electricity, central heating, hot water, and, as a result, rents), while the real value of wages remains at the 1992 level. Neither can we expect a large growth in food exports. The 25-percent growth in the dollar exchange rate, envisaged over the course of the year, will not ensure any improvement in the profitability of exports, and for some goods it will become a factor that will reduce exports. Farm-food products must also be included in these goods.

Compensation payments, it is predicted, will not increase domestic demand. They may only help to set the price of some goods at an amount that will favor the development of production.

Nor will conditions arise this year that will enable us to make significant structural changes in agriculture. The growth of unemployment from 14.7 to 18 percent will reduce the number of people leaving farming due to an excess labor force. Only the State Treasury Farm Ownership Agency takeover of the state farms will make it possible to enlarge household farms, but not by much. The reduction of the refinancing credit interest rate from 39 to 28.7 percent will help to make this happen.

Overall, external conditions will not be favorable for expansion of agriculture or its restructuring. Thus no growth in farm production or full utilization of production capacity in the food industry can be expected.

Predictions as to the situation in individual segments of the food economy are also included in the general forecast on production tendencies in agriculture. For example, we can count on a growth of demand for means of production only in those regions in which the drop in the size of the harvest was totally compensated by a growth of prices. Thus no important action on the production-means market, such as tractors or farm machines, is anticipated. We can only expect a slight growth of demand for fertilizers, especially nitrogen, and pesticides.

The size of this year's farm production is in large measure determined by last year's drop in production. This year the 1992 reduction in fodder will be reflected in the size of animal production.

This is how the situation on the markets of our important farm productions will shape up:

Grains: It is envisaged that there will be no reduction either in the direct consumption of grain products or in

the amount of grain for seed, or in their commercial consumption. Only livestock fattening grain will be reduced, and its export. The size of this reduction will depend on the size of grain imports. Current grain reserves in industry guarantee that needs for a two-month period will be met.

Rape: Approximately 360,000 hectares was sown in the fall, i.e., 14 percent less than the previous year. And already last year, due to uncontrolled export, fats industry plants could not utilize their production capacity.

Sugar beets: World sugar prices are now such that there is no incentive to expand the cultivation of beets and increase the production of sugar beyond domestic requirements.

Potatoes: The situation on the feed market and the possibilities of exporting potatoes to CIS [Commonwealth of Independent States] countries suggests that potato production should be increased.

Horticultural products: The market situation (lower demand on the domestic and foreign markets) does not favor a growth in horticultural production.

Meat: The current situation on the feed and meat market is unfavorable for the raising of farm animals, and we should expect a drastic reduction in the number of animals raised, particularly hogs.

Milk: Current milk supplies do not cover current market needs; therefore, growth tendencies in cow breeding should be expected.

Summing up, no growth in domestic or foreign demand for farm-food products is anticipated. The amount of land lying fallow will be reduced and yields will rise somewhat. There will be a drop in animal production. Global farm production will be 3 to 7 percent lower than in 1992. The food industry (when its debts are cleared) will increase production by about 4 percent. The possibility of a negative balance in foreign trade of farm-food articles is anticipated.

*** Ombudsman Defends Concept of 'Social Rights'**

93EP0139A Warsaw RZECZPOSPOLITA (EVERYDAY LAW SUPPLEMENT) in Polish 28 Dec 92 p 1

[Article by Tadeusz Zielinski, ombudsman: "The Childhood Disease of Capitalism"]

[Text] The year 1993 appears to hold a lot of promise. An attack on social rights is blazing our trail toward the "only genuine," 19th-century capitalism! Shortly, yet another "vestige of communism," social justice, will certainly end up on the trash heap of history.

These predictions have taken shape against the background of the recent polemics of KAPITALISTA POWSZECHNY (No. 12, 9 December 1992) with the civil rights ombudsman on account of the lack of guarantees of social rights in the draft Charter of Rights and Freedoms. The authors of the article "Ombudsman's Fixations" viciously criticized my protest against the intended expurgation of social rights from Polish constitutional law. They admitted quite frankly that they do not know what social rights and social justice are all about.

It is not easy to talk with people to whom the word "social" has the same meaning as the word "socialist," nor is it easy to talk with amateurs in the field of law and social sciences, who, in the same breath, compare social rights with law pure and simple, and social justice with justice, or so-called socialist democracy with democracy. Well, demagoguery is governed by its own laws.

An extensive theory of social rights exists in capitalist countries; social justice is a category that has been considered by philosophy for quite a while under the name "*iustitia socialis*." A bibliography of the most basic scientific works in this area would fill many thick volumes. The fuzziness of the very notion of "justice" does not shock any wise people at present. After all, Aristotle in his time said that the same degree of precision should not be sought in all sciences.

I am referring our present-day neophyte capitalists to scientific literature used in the constitutional practice—in particular, of a state such as the FRG. The united German state is not only a rule-of-law state (Rechtsstaat) but also a social state (Sozialstaat). The Bundesverfassungsgericht (Constitutional Tribunal) has long explained in its rulings what this is. No specialist would dare to pass over in silence the accomplishments of other states, either.

However, humility and respect for the knowledge and experience of other nations are not virtues of our reformist avant-garde. The elite going through the childhood disease of capitalism knows best what the Polish path to capitalism should be. It is absolutely unimportant to them that free-competition capitalism, with murderous work by children and women, unrestricted work time, mass unemployment, and so on, is at the end of this shining path. The black-and-white vision rules supreme in the mentality of the present-day Polish capitalist. A small digression: During the discussion of the draft antiabortion law, one of the senators said that this particular law was what Poland could give the Western world as a model to be emulated. A return to the roots and traditions of early capitalism could be yet another gift. The leading position of Poland in the world as a herald of progress would be clinched if only we succeeded in lighting up other countries with the example of the slogan "Poland for Poles!"

However, let us go back to our point. No one should try to persuade me that I am an enthusiast of the welfare

state. I resolutely came out against the extremes of the welfare state doctrine at a time when the editors of KAPITALISTA POWSZECHNY did not even dream of protesting the hypocrisy of state welfare under real socialism. Referring to F.A. Hayek ("The Road to Serfdom"), I wrote that social security under communism is barracks security. I cautioned that the idea of complete social security contradicts the concept of freedom of the individual.

I remain faithful to such views. I do not invade the sphere of individual rights of citizens if the interested person does not seek that or is able to defend his interests himself in the courts, offices, and so on. Instead, proceeding from the principle of assistance (subsidiarism), I undertake to defend weak and helpless individuals in the line of duty.

This concept of ombudsman's work is fully justified in light of the law in effect. Article 1 of the Constitution of the Republic of Poland expressly establishes that the Republic of Poland is a democratic rule-of-law state that implements principles of social justice. Therefore, the ombudsman must investigate whether a violation of the principles of social justice has also occurred as a result of commission or omission by bodies bound to observe and uphold the rights and freedoms of citizens. I cannot evade performing this duty under the penalty of violating the oath I have given and being dismissed from my post. However, our homegrown Euroskeptics should not count on this happening.

Principles of social justice have been the basis for many presentations by the civil rights ombudsman. I have referred to them, among other things, in complaints to the Constitutional Tribunal and in many interpellations to ministers concerning housing loans, family benefits, social security for farmers, enterprise-owned apartments, taxes, retirement benefits and annuities, customs duties, and the elimination of courses for teachers. I drew on these principles in appeals before the Supreme Court.

KAPITALISTA POWSZECHNY asks, "Who will be the spokesman for the common man, whom the chairman of the National Bank of Poland deprives of his legally obtained property, at the request of the minister of finance and with the approval of the Sejm, when the value of his already taxed income is reduced through printing money?" I answer: The ombudsman has been the one to have already stood up for those rights in many interpellations (among others, to three successive prime ministers)! The issues of the revaluation of savings deposits and the reduction of the value of funds legally accumulated in housing deposits have been an area in which the ombudsman has acted with particular vigor. The very principles of social justice that are held in such contempt by the Euroskeptics have been and will be a means to defend the common man in these and other cases. It is evidently hypocritical to defend the interest of

the citizen in question in terms of slogans while negating the meaning of the constitutional principle of social justice.

Unfortunately, he appears to pay homage to the same Euroskeptical attitudes to which KAPITALISTA POWSZECHNY appeals as it operates with an extremely simplified distinction between two concepts of human rights: the U.S. and...the Soviet (sic!) ones.

Segments of the charter that are devoted to constitutional guarantees for the protection of civil rights are also afflicted with an excessively one-sided vision of the picture of civil rights. I do not think that all means to defend the interests of citizens may be reduced to a simple division into "judicial" means, which make it possible for the citizen to assert claims in court directly on the basis of the charter, and extralegal means that amount to accomplishing the tasks of the state, within the bounds of its financial ability, through political instruments (constitutional responsibility of the members of the government and parliament). An intermediate sphere of legal and constitutional guarantees should also be acknowledged—a sphere of administrative law and control guarantees; it also includes means of influence at the disposal of, among others, the ombudsman, in the form of appeals to the Constitutional Tribunal and interpellations to the ministers and echelons that enjoy the right of legislative initiative.

The ombudsman will be able to use the aforementioned means more effectively if they are rooted in the relevant provisions of the basic law that sanction the jurisdiction of the ombudsman on social issues.

The opponents of keeping social rights in their format to date in regulations with the constitutional status forget that those rights are grounded, from the normative point of view, in the provisions of international treaties ratified by Poland (Pacts on Human Rights, conventions of the International Labor Organization). Omitting them from the basic law will cause violations of some common treaty (for example, a convention on work time) by the legislature to escape the direct control of the Constitutional Tribunal. The Polish state will be accountable for violating its international obligations solely to the international community rather than to its own citizens, as has been the case to date (among other things, as a result of interpellations by the ombudsman).

As the authors of KAPITALISTA POWSZECHNY correctly maintain, at one time the people were fed hypocritical declarations that health care was free in the People's Republic of Poland. I do not question the need to streamline health care, reform education, and so on. However, I note at the same time that the notion of social security cannot be reduced to the sphere of benefits funded from the state budget. Social protection also includes defense against a workday longer than eight hours and against work that is dangerous to health (especially that of women and minors), a lack of recreation (leave), a sudden and unjustified loss of employment, and so on. Introducing into the Constitution protection for citizens against the most glaring forms of exploitation in labor relations neither puts a burden on the State Treasury nor endangers taxpayers who are not employers oppressing hired labor.

I would advise the theoreticians of the Polish path to a market economy without social security and social justice to have more respect for the old truth: History is a teacher of life. Learning from facts in the environment of powerful social unrest may be frightening.

*** Prokes Discusses Havel, Home Life**

93CH0322A Bratislava SMENA in Slovak
19 Jan 93 pp 1-2

[Interview with Jozef Prokes, vice chairman of the National Council of the Slovak Republic, by Klara Grossmannova; place and date not given: "At Home, for the Citizens"]

[Text] *Jozef Prokes, a candidate for the Presidency of the Slovak Republic and the vice chairman of the National Council of the Slovak Republic, spoke with us about the good qualities and the shortcomings of the head of state as well as of his family's support and his friends' views.*

[Grossmannova] Which shortcomings of the former president of the common state, V. Havel, would you avoid?

[Prokes] I certainly would avoid one thing—I would not create around myself a glass chamber that prevents any feedback. I think that a president has duties rather than rights. He can fulfill his duties only if guaranteed to get feedback. In my view, the worst thing that happened to President V. Havel was that he had lost contact with reality.

[Grossmannova] That was evidently because of the "good counsel" of his advisers....

[Prokes] I would not blame everything on his advisers. Everybody surrounds himself with the people who please him. Nobody forced his advisers on him, he chose them himself...

[Grossmannova] ...somewhat stubbornly, and despite considerable criticism in the mass media, he stuck to them.

[Prokes] It is another question whether such information from the mass media had ever reached him. Television program Kroky [Steps] questioned whether the president should focus so much on foreign countries (which is what "happened" to him) or on citizens in his own country. I think that these relations must be in balance; he should represent Slovakia abroad and initiate international contacts with regard to our domestic situation. In other words, he must not create some image for image's sake but for Slovakia's actual needs. That internal feedback is vitally important precisely here (in Slovakia).

[Grossmannova] As every other person, President Havel has some good points. Which of them appeal to you?

[Prokes] One usually notices things that rub a person the wrong way and not things that do not irritate. I think that one can really learn from an example—V. Havel aspired to achieve the most far-reaching international recognition—but one must also consider some negative correlations. However, even in international contacts one must not be one-sided. Havel's one-sided international orientation was inappropriate precisely in respect to Slovakia, which is located in the geographical center of Europe.

What we need is all-around economic cooperation, which means that we cannot turn our back on anyone. The president must cooperate with the government and with the parliament in pursuing such policies—the Constitution guarantees a balance between the government, the parliament and foreign policy—so as to provide a strife-free basis for cooperation with all our neighbors. Relations between two nations can never be perfect and completely without conflicts; in the final analysis, it is precisely the problem-solving process that makes progress possible.

[Grossmannova] We know the views of your wife who supports you as a politician. But what about your children—your 10-year-old son and four-year old daughter. Don't they miss their daddy?

[Prokes] I think that my son has a rather negative opinion of my political career for a simple reason—I am rarely at home. Two years ago I happened to come home one evening and my son locked up the door, took out the keys and said: 'Now you cannot go away!' Alas, I had to leave. He does not ask for anything; all he wants is to have me around more often. My little daughter also feels the negative aspect of my absence. Whenever I am lucky enough to get home before their bedtime, their sincere, innocent affection makes me happy.

[Grossmannova] Has your wife fully endorsed your decision to run for the presidency?

[Prokes] She neither stands in my way nor urges me on. Rather, she regards it as a certain fact of life that follows from my entry in the political arena, and as the way the things have turned out. She, too, would prefer it if I would spend more time with them and stay home more often. Quite a few people think that a politician's life with his attendance at numerous receptions is a style far removed from the life of the grassroots and far superior to it. Let me offer you an example: A former colleague who quit his job in my wife's office is now a private entrepreneur. Now that he attends business lunches and meetings he realizes that it is tough work indeed.

[Grossmannova] What do your neighbors, friends and people in the street say to you about your candidacy?

[Prokes] In all honesty, I can tell you—knock on wood—that I have always been very lucky with my neighbors. To some extent, it may be a reflection on my own character that they treat me as I treat them. I have never had any conflicts with my neighbors no matter where I lived. Our relations have always been quite friendly, we used to visit, and so today they treat me as they used to treat me before I got involved in politics. I feel that they are supporting me. Although the number of my friends has increased, or rather, I meet many people and get to be friends with them, those who used to belong to the circle of my friends in the past remain part of it to this day.

*** Importance of Ethnic Autonomy Stressed**

93CH0322B Bratislava NOVE SLOVO BEZ
RESPEKTU in Slovak 25 Jan 93 p 6

[Commentary by Ladislav Hohos: "The Issue of Slovakia's Statehood"]

[Text] As the Reformation used to be a life-and-death problem for Europe from the 15th through the 17th century, the ethnic issue is a global problem in modern times; however, it is most urgently felt in Central Europe. This is how the philosopher Emanuel Radl began his essays, "The War of Czechs With Germans," in 1928. Only shortsighted politicians who thought that a sword might bring solution to cultural affairs believed that World War I had put an end to national conflicts that convulsed Austro-Hungary. Radl rejected the so called cultural perception of the state that was spreading from Germany (Kulturnation) because in actual life a state that is seen as the culmination of the efforts of the population results in the "rape of nationalities"; therefore, he demanded that nationalities be separated from the state in the same way as the church should be separated from the state.

In other words, this concerns ethnic autonomy because the state should be created according to a modern Anglo-Saxon principle on the basis of *treaties* concluded by free and sovereign nationalities. The author asks why had the Czech and German tribes in Bohemia not merged into a single new formation with a new, unified language according to the Western model as, for example, in England, France or Italy. "If we disregard the specifics, today we are precisely where we were after the Hussite wars, only richer by two great experiments. If there ever was any genuine intention during the Hussite era to eradicate everything German from the Czech kingdom, that attempt did not succeed; after the Hussite wars the German nationality remained just as strong, if not stronger, as before. If in the days of the Anti-Reformation and of Austria there were any plans to eradicate Czech national consciousness in Bohemia, that attempt also failed. After the Austrian experiment the Czechs stand here stronger than ever before. Could similar experiments be repeated in the future? Is there no other way for peace in this country than destruction of one nationality at the expense of another?" (pp. 88-89). We know that the two equally destructive experiments which followed soon thereafter failed to resolve anything, although they aspired to provide "the final solution." Is there really no other way?

As a task for the future, Radl proposed that we overcome tribal feelings and proceed from the concept of a political nation to which would belong the Czechs and the Germans, the Slovaks and the Hungarians. If instead of ethnic Czechoslovakism the idea of a treaty had prevailed, that ideology may have survived. However, it could not survive because Czechoslovakism was in fact nationalism, an assemblage created to affirm "democratic" supremacy of the majority. Today there are two

states instead of one for the sole reason that it is easier to send abroad people with whom we could not agree on any political compromise, and that is a most dubious and probably also an ephemeral method of building a state. Let us admit that as a modern political ideology envisaged by E. Radl but certainly not by T.G. Masaryk, Czechoslovakism failed without ever being successfully implemented, or as the case may be, that the breakdown of Czecho-Slovakia is the final consequence of the breakup of the former Danubian monarchy. From that it follows for us, the Slovaks, that Slovakia's statehood does not represent the culmination of our ethnic identity but rather the fulfillment of aspirations for self-realization of all citizens living between the Danube and the Tatra Mountains. If our neighbors to the south would just as radically repudiate and overcome their historical errors, history would certainly be kinder to us and to them. It seems that we have had enough time to realize that it is our fate to live *together* in this small space.

*** HZDS Support, Financing of Science Criticized**

93CH0267A Bratislava KULTURNY ZIVOT in Slovak
23 Dec 92 p 4

[Article by Vladimir Ondrus: "Science and Research According to HZDS"]

[Text] The SAV [Slovak Academy of Sciences] Council of Scientists committee has already expressed its concern about the government budget proposal for 1993. The trends in regard to funding scientific research in the Slovak Academy of Sciences are alarming. The proposed budget for 1993 is 45 percent below 1990. In the view of the SAV Council of Scientists committee its adoption would mean reaching a critical point of potential destruction, with the result of stifling and disrupting research in the academy. It would lead to a waste of the science research potential and its irretrievable dispersion, in particular to projects abroad.

Even though in its election program HZDS [Movement for a Democratic Slovakia] pledged to "bring to a halt the breakdown of Slovakia's science research base in the SAV, universities and government ministries, forestall permanent departure abroad of outstanding scientists," after the HZDS election victory the SR [Slovak Republic] Government has taken a different course. And this does not concern solely the Slovak Academy of Sciences or merely the funding of science and research.

The demise of the Czecho-Slovak federation means also abolition of federal institutions: ministries, central agencies as well as research institutes. Among these institutes was also the Federal Research Institute on Labor and Social Affairs. A research institute headquartered in Bratislava and with a branch in Prague could not survive its founder—the Federal Ministry of Labor and Social Affairs which ceased its work on 30 September 1992. The responsibilities of this federal body were assumed by republican ministries. But what has become of the research program and scientific research potential of an

institute whose work was used until now by all three ministries, the tripartite council, labor unions and other institutions as well?

Even though the institute's demise was anticipated quite a while ago and the actual date of terminating its activities was no secret either, nearly until the end of September the SR Ministry of Labor, Social Affairs and Family did not present any proposal for proceeding in this matter. (The Czech Republic has established its own research institutions.) Therefore the institute's staff began to seek new opportunities and by 24 September, 60 of the 103 employees of the Bratislava center signed agreements on leaving the organization by the month's end. Many of them decided on this step also on the basis of unofficial information that their workplace would be transformed into a national research institute with a new leadership and staff selected on recommendation by HZDS members. These reports have indeed proved correct. In the afternoon of 25 September 1992 representatives of the Slovak ministry called a meeting with the institute staff at which they announced that they had directed some of the institute's staffers to work in a preparatory team for a new national research institution. The ministry's nominees for the preparatory team were Eng. Hanker, Csc., a Slovak National Council deputy for HZDS, and Eng. Barosova, a HZDS candidate in the parliamentary election. Two other members of this team (a jurist and an economist) learned of their nomination only at this meeting. The preparatory team did not consider participation of members of the federal institute's post-November leadership. Even though representatives of the ministry and the preparatory team had nothing to say on the concept and research direction of the new workplace and stuck to general assertions that work on research projects would continue, they nevertheless managed to accomplish something well ahead of time. The preparatory team compiled a list of staff members selected for the new workplace. The new institute will understandably have a smaller staff than it had as a federal institution, and unneeded or unwanted staffers must go. But a curious situation emerged at the staff meeting: when the acting chief of the institute was reading the list of selected staffers erroneously handed to him, he was accused by an irate representative of the ministry of "a downright brutal lawless way of informing people which she had in no way intended." Her anger at making the list public was understandable: missing among the selectees were not only senior members of the post-November staff but also others who did not hide their pro-federal attitude or opposition to HZDS. Also noticeable was the influence of personal antipathies: for instance, in the total decimation of the team for labor market analyses which at one time employed Mrs. Zahradnikova, presently a state secretary in the SR Ministry of Labor, Social Affairs and Family. HZDS deputies naturally were unable or unwilling to justify the criteria by which they selected the institute's staff, since they lack knowledge of the research concept and activity of the new institution. People present at this September

panorama gained the impression that even Gorbachev with his perestroika and glasnost still remains stuck at the Ukrainian border.

However evident it is that present-day conditions do not call for the former extent of research organizations funded by ministries, it needs to be said that today (after abolishing the federal agencies) we face destruction of the entire former research in applied economics unless substitute solutions are readied—be it in the concept of new workplaces, by expanding the scope of university research, and the like. That is, if we do not regard partisan screening of staff members as a concept of science and research. People have dispersed easily, experts have little difficulty finding new jobs even outside research, but the damage arises from unfinished costly research programs, remaining research equipment, data banks assembled over a long time, archives, international contacts will be lost. A research potential is not built from one day to another and Slovakia will find itself in isolation not only by limitations in obtaining data from central agencies in the Czech Republic, by losing cooperation of experts on the federal level, but also by interrupting the continuity of its own research.

The Research Institute on Labor and Social Affairs existed for several decades as a scientific research center in broad cooperation with the institutes of the Academy of Sciences, with universities, other institutes both at home and abroad. In the 1970's it was not just a "bag storage room" for those expelled from Dubcek's KSS [Communist Party of Slovakia] but also a refuge for people persecuted in the Czech lands, such as Milan Horalek and others. In the 1980's the institute worked on preparing concepts and those famed forecasts of CSFR and SR economic and social developments and under the former regime created a kind of a sanctuary for critical thought. Research cooperation led to personal contacts also with pre-November researchers from other workplaces—from V. Klaus through V. Komarek and M. Zeman all the way to J. Markus and P. Weiss. After November 1989 the Research Institute on Labor and Social Affairs became known also due to the many members of its staff who engaged themselves actively in political life or went on to take up government or parliamentary posts. During a certain period the institute's staff included the VPN [Public Against Violence] leaders F. Gal, J. Kucerak, V. Ondrus; ministers of labor and social affairs H. Wolekova (SR) and M. Horalek (CR); Social Democratic Party chairman B. Zala; SNS [Slovak National Party] secretary F. Bury; CSTK [Czechoslovak Press Agency] director S. Stur; Federal Assembly and Slovak National Council deputies I. Laluha, E. Bauerova, S. Harna and many others.

The 1990's have, naturally enough, brought a new orientation to the research program and the institute's task focused on problems of the labor market, the population's monetary and real incomes and the concept of

social policy and social assistance. Some of these programs will evidently be carried on by the newly organized republican research institute. Unlike the post-November leadership of the institute dominated by the typical "VPN totalitarianism" when a former chairman of the KSS shop organization became a deputy to the new director, at present the new workplace has a monochromatic leadership. The main qualification of the appointed director and his deputies is membership in the parliament or active engagement in HZDS. A party principle in building scientific research institutions has never yielded truly expert results and it is open to doubt whether they can be assured also in an independent Slovakia even though there is a strong call for a national science.

One of the institute's staffers was, or perhaps still is, the present head of the HZDS club of deputies in the National Council, assistant professor Dr. I. Laluha, CSc., who almost a quarter-century ago involuntarily joined the institute during the normalization process. Speaking in the Slovak National Council he termed the SR Government program, based on the HZDS program, social-democratic. Leading HZDS representatives define their movement as a political organization of the center. The London political scientist G. Schopflin during his recent Bratislava visit said that he regards Meciar's HZDS as indisputably a rightist force. Critics call HZDS a Movement for Completing the Building of Socialism. Opponents call it an undemocratic national socialist movement. What it is in actual fact can in the present confusion of terms be best judged by its own actions.